

State and School Employees Health Insurance Management Board

March 22, 2023

1. Minutes of the Standing Monthly Board Meeting, February 22, 2023 – Ms. Liz Welch, Chairman
2. Actuarial Report Calendar Year 2022 – Mr. Wm. Lynn Townsend, FSA, MAAA, Consulting Actuary
3. Wellness Incentive Program – Ms. Cindy Bradshaw, State Insurance Administrator
4. Financial Statements – Mr. Chris Shaman, Deputy Director, Office of Insurance
5. General Schedule – Mr. Chris Shaman, Deputy Director, Office of Insurance
6. Old Business
7. New Business

Next Meeting: April 26, 2023

Agenda Item 1

Minutes of Standing Monthly Board Meeting, February 22, 2023

Ms. Liz Welch

Description

The minutes of the standing monthly Board meeting held on February 22, 2023

Action Requested

Approval of the minutes

State and School Employees Health Insurance Management Board

Standing Monthly Meeting February 22, 2023

The standing monthly meeting of the State and School Employees Health Insurance Management Board convened Wednesday, February 22, 2023, in Room 117, in the Woolfolk Building located at 501 North West Street in Jackson, Mississippi, at 9:00 a.m. The presiding officer was Ms. Liz Welch, Chairman of the Board. A quorum was present.

Voting Members Present

Ms. Liz Welch, Chairman
Mr. Mike Chaney
Mr. Mark Formby
Mr. Larry Fortenberry
Mr. Kelly Hardwick
Mr. Ray Higgins
Dr. Alfred Rankins
Mr. Kell Smith
Dr. Robert Taylor (represented by Sheila Buie)

Non-Voting Members Present

Voting Members Absent

Mr. Christopher Burkhalter, Vice Chairman

Non-Voting Members Absent

The Honorable John Read – Chairman,
House Appropriations Committee
The Honorable Walter Michel – Chairman,
Senate Insurance Committee
The Honorable Briggs Hopson – Chairman,
Senate Appropriations Committee
The Honorable Henry Zuber– Chairman
House Insurance Committee

Department of Finance and Administration Staff Present:

Ms. Cindy Bradshaw
Mr. Chris Shaman
Ms. Karen McKlemurry
Ms. Carlotta Edwards *(Via Teams)*
Ms. Alicia Coleman *(Via Teams)*
Ms. Christina Young *(Via Teams)*
Ms. Stacie Sheriff *(Via Teams)*
Ms. Krista Robinson *(Via Teams)*

Attorney General's Office Staff Present:

Ms. Liz Bolin, Esquire

Call to Order

The meeting was chaired and called to order by Ms. Liz Welch, Chairman of the Board.

Agenda Item 1: Minutes of the January 25, 2023 Standing Monthly Board Meeting

Chairman Welch announced that the minutes of the Board's January 25, 2023 standing monthly meeting had been provided to all Board members for their review in advance of today's meeting. A motion was made by Mr. Formby for the Board to approve the minutes for January as presented. Mr. Mike Chaney seconded the motion. The motion passed by an 7 – 0 vote, with members Chaney, Formby, Fortenberry, Hardwick, Higgins, Rankins and Smith voting affirmatively.

Agenda Item 2: Actuarial Services Contract

Chairman Welch recognized Ms. Cindy Bradshaw, State Insurance Administrator with the Office of Insurance, who advised the Board that the Actuarial Services Contract with Mr. Wm. Lynn Townsend, FSA, MAAA, which began October 1, 2018, will expire on September 30, 2023. We have exercised the one-year extension. Ms. Bradshaw recommended that the Board enter into negotiations with Mr. Townsend for a few more years. A motion was made by Mr. Fortenberry to enter into negotiations. Mr. Higgins seconded the motion. The motion passed by an 7 – 0 vote, with members Chaney, Formby, Fortenberry, Hardwick, Higgins, Rankins and Smith voting affirmatively.

Agenda Item 3: Calendar Year 2022 Actuarial Report Preliminary Projections

Chairman Welch recognized Mr. Wm. Lynn Townsend, FSA, MAAA, consulting actuary for the Board, who presented preliminary projections from his actuarial analysis of the State and School Employees' Life and Health Insurance Plan for calendar year (CY) 2022. A copy of the report entitled "*CY22 Actuarial Report Preliminary Projections*" was provided to Board members for their review prior to the meeting. Mr. Townsend discussed historical and projected trend rates, and provided projected premium rate adjustment needs as indicated to meet the Plan's stated funding objective. A motion was made by Mr. Chaney to notified LBO that we anticipate a 5% increase for CY2024 and a 5% increase for CY2025. Mr. Formby seconded the motion. The motion passed by an 7 – 0 vote, with members Chaney, Formby, Fortenberry, Hardwick, Higgins, Rankins and Smith voting affirmatively.

Agenda Item 4: Financial Statements

Chairman Welch recognized Mr. Chris Shaman, Deputy Director, Office of Insurance, who briefly reviewed the financial statements for the State and School Employees' Life and Health Insurance Plan for the month of January 2023. Copies of the financial statements were provided to Board members for their review prior to the meeting. No action was required or taken by the Board on this item.

Agenda Item 5: General Schedule

Chairman Welch recognized Mr. Shaman, who reviewed the schedule of major activities and actions to be taken by the Board for the next several months.

Agenda Item 6: Old Business

There was no old business for the Board to consider.

Agenda Item 7: New Business

There was no new business for the Board to consider.

Adjournment

Chairman announced that the next standing meeting of the State and School Employees Health Insurance Management Board is scheduled for 9:00 a.m., on Wednesday, March 22, 2023.

As there was no further business, the meeting was adjourned at 9:59 a.m.

Liz Welch
Chairman
State and School Employees Health Insurance Management Board

Agenda Item 2

Actuarial Report Calendar Year 2022

Mr. Wm. Lynn Townsend

Description

Mr. Townsend will discuss his actuarial analysis of the State and School Employees' Life and Health Insurance Plan for calendar year 2022, providing historical and projected trend rates, and projected premium rate adjustments needed to meet the Plan's state funding objective. A copy of Mr. Townsend's *CY22 Actuarial Report Highlights*, as well as his *Actuarial Report Calendar Year 2022*, are included in this section.

Action Requested

None

**STATE OF MISSISSIPPI'S
STATE & SCHOOL EMPLOYEES'
LIFE & HEALTH INSURANCE PLAN**

CY22 ACTUARIAL REPORT

HIGHLIGHTS

**Wm. Lynn Townsend, FSA, MAAA
103 Hatheway Lane
Madison, Mississippi 39110
March 22, 2023**

CY22 FINANCIAL SUMMARY

in Millions

Health Plan Premiums	\$ 810.8
Medical & Drug Claims Incurred	(801.7)
Administrative & Cost Containment Expenses	(29.5)
PCORI Fees	(0.5)
Subtotal Health Plan	\$ (20.9)
Life Insurance Premium Contributions to the Plan	\$ 19.0
Life Insurance Premiums to Minnesota Life	(18.1)
Subtotal Life Insurance	0.9
Interest and Other Revenue	1.1
Total Gain (Loss) Before ARPA Payment	(18.9)
ARPA Payment	60.0
Total Gain (Loss) After ARPA Payment	\$ 41.1
Plan Surplus, 12/31/21 (1), (2)	\$ 60.6
Plan Surplus, 12/31/22 (2)	\$101.7

(1) Based on a retroactive evaluation of claims liabilities using actual paid claims.
 (2) Plan Surplus, as shown above, does not take into account the liabilities of the State, as an employer, for post-retirement benefits. According to the most recent valuation prepared by Cavanaugh Macdonald, the State's unfunded actuarial accrued liability associated with retiree benefits provided through the State and School Employees' Life and Health Insurance Plan was about \$494 million as of 6/30/22.

CURRENT FUNDING STATUS

AS OF DATE:	12/31/2021	12/31/2022
ASSETS		
Cash and Invested Assets	\$ 156,468,196	\$ 192,830,400
Accrued Interest	33,942	215,659
Total Cash, Invested Assets, and Accrued Interest	<u>\$ 156,502,137</u>	<u>\$ 193,046,059</u>
LIABILITIES		
Estimated Medical Claims IBNR (Incurred But Not Reported)	\$ 82,785,504	\$ 82,349,583
less Estimated Due Rebates on Medical Claim Drugs		(1,676,493)
less Estimated Accrued Rebates on Medical Claim Drugs	(2,573,643)	(2,000,000)
Estimated Accrued Hospital Provider Incentive Payments	1,996,546	2,000,000
Medical Claims Due on Out-of-State Blue Card Claims	7,648,964	6,697,938
Provision for Claims Settlement Expenses	8,000,000	8,000,000
Estimated Drug Claims IBNR (Net of Adjustments)	(750,075)	(581,236)
Drug Claims Paid by CVS Caremark But Not Yet Paid by the Plan	14,745,750	14,995,950
less Estimated Accrued Drug Pricing Penalty	(6,258,227)	(4,916,869)
less Estimated Rebates Receivable on Drug Card Claims	(33,403,291)	(33,194,693)
Accrued PCORI Fees for CY19 thru the Current Calendar Year	1,459,069	1,997,026
Premium Payable to Minnesota Life for Billed Life Claims & Expense Charges	1,476,464	1,561,787
Estimated Future Premium for Life Claims Pending, Incurred prior to CY20	403,913	231,733
Premium Contributions Received in Advance (less Arrears)	18,181,309	13,078,257
Due & Accrued Prior Period Expenses	2,318,637	2,795,568
Total Claim Liabilities and Due & Accrued Expenses	<u>\$ 96,030,920</u>	<u>\$ 91,338,550</u>
PLAN SURPLUS	<u>\$ 60,471,217</u>	<u>\$ 101,707,509</u>

HISTORICAL FINANCIAL OVERVIEW

	CY18	CY19	CY20	CY21	CY22
INCOME, CLAIMS & EXPENSES					
Health Premiums	\$722	\$747	\$768	\$777	\$811
BCBS Claims (Medical)	(566)	(589)	(581)	(615)	(595)
Drug Card Claims	(217)	(241)	(261)	(303)	(340)
Drug Card Rebates	49	65	75	115	133
Administrative Expenses	(35)	(33)	(33)	(30)	(29)
PCORI Fees	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Subtotal - Health Plan Gain (Loss)	(\$47)	(\$52)	(\$34)	(\$55)	(\$21)
Life Gain (Loss)	2	3	0	1	1
Interest & Other Revenue	5	4	2	1	1
ARPA Payment	0	0	0	0	60
Total Plan Gain (Loss)	(\$40)	(\$45)	(\$31)	(\$53)	\$41
SURPLUS (DEFICIT) End of Year	\$189	\$145	\$113	\$61	\$102
FUNDING OBJECTIVE					
One Full Month's Costs REVISED					\$71
One Half Month's Costs PRIOR	\$33	\$34	\$34	\$35	
INCREASE RATES					
Medical Claims	2%	4%	-1%	6%	-3%
Drug Claims, Pre Rebates	7%	11%	8%	16%	12%
Rebates	19%	32%	15%	54%	16%
Drug Claims, After Rebates	4%	5%	6%	0%	10%
ACTIVE EMPLOYEE RATE INCREASE	0%	3%	3%	3%	6%
KEY PLAN CHANGES					
Deductible Change-Select Plan	\$1,000	\$1,000	\$1,000	\$1,300	\$1,500
Drug Vendor	Prime	Prime	Prime	CVS	CVS
Value Formulary					Jul 1
Revision of Funding Objective					Jul 1

RECENT BENEFIT CHANGES

- **CY21**

Select Plan Deductible – In CY21 the medical deductible for Select coverage was increased by \$300. This Plan change was expected to reduce Plan costs in CY21 by about \$11.6 million.

Coinsurance Maximum – In CY21 the coinsurance maximums were increased by \$500 for both Select coverage and Base coverage. This Plan change was expected to reduce Plan costs in CY21 by about \$4.0 million.

- **CY22**

Select Plan Deductible – The in network medical deductible for Select coverage was increased by \$200 for CY22. This Plan change is expected to reduce Plan costs in CY22 by about \$7 million.

Implementation of the CVS Caremark “Value” Formulary – The Plan implemented the CVS Caremark “Value” Formulary on 7/1/22. CVS Caremark provided a preliminary annual savings estimate for this change of about \$18 million.

Implementation on 7/1/22 of the Value Formulary

Effect on Semi-Annual Drug Benefit Costs Incurred in CY22 vs CY21

in Millions

	Gross Costs*	Drug Rebates	Net Costs*	Year over Year Increase		
				Gross Costs*	Drug Rebates	Net Costs*
C21 1H	\$140.9	(\$54.1)	\$86.8			
C21 2H	\$161.8	(\$61.2)	\$100.6			
C21 Total	\$302.7	(\$115.3)	\$187.4			
C22 1H	\$173.0	(\$69.8)	\$103.2	22.8%	29.2%	18.9%
C22 2H ⁽¹⁾	\$166.9	(\$63.7)	\$103.2	3.2%	4.0%	2.6%
C22 Total	\$339.9	(\$133.5)	\$206.4	12.3%	15.8%	10.2%

* Net of actual CY21 and projected CY22 pricing adjustments.

EXPANDED HISTORICAL FINANCIAL OVERVIEW

	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22
INCOME, CLAIMS & EXPENSES													
Health Premiums	\$714	\$742	\$732	\$723	\$718	\$718	\$720	\$723	\$722	\$747	\$768	\$777	\$811
BCBS Claims (Medical)	(598)	(547)	(557)	(574)	(513)	(515)	(550)	(556)	(566)	(589)	(581)	(615)	(595)
Drug Card Claims	(115)	(115)	(127)	(144)	(158)	(175)	(189)	(202)	(217)	(241)	(261)	(303)	(340)
Drug Card Rebates	9	10	10	10	13	14	34	42	49	65	75	115	133
Administrative Expenses	(54)	(39)	(33)	(34)	(32)	(32)	(35)	(37)	(35)	(33)	(33)	(30)	(29)
PCORI Fees	0.0	0.0	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
ACA Transitional Reinsurance	0	0	0	0	(11)	(7)	(5)	0	0	0	0	0	0
ACA Early Retiree Reinsurance	5	14	0	0	0	0	0	0	0	0	0	0	0
Drug Company Settlements	0	0	1	14	0	0	0	0	0	0	0	0	0
Subtotal - Health Plan Gain (Loss)	(\$39)	\$65	\$26	(\$6)	\$17	\$2	(\$24)	(\$31)	(\$47)	(\$52)	(\$34)	(\$55)	(\$21)
Life Gain (Loss)	5	5	6	5	1	1	0	3	2	3	0	1	1
Interest & Other Revenue	5	2	3	3	2	3	3	3	5	4	2	1	1
ARPA Payment	0	0	0	0	0	0	0	0	0	0	0	0	60
Total Plan Gain (Loss)	(\$29)	\$72	\$35	\$2	\$21	\$5	(\$21)	(\$25)	(\$40)	(\$45)	(\$31)	(\$53)	\$41
SURPLUS (DEFICIT) End of Year	\$139	\$211	\$247	\$249	\$269	\$274	\$254	\$229	\$189	\$145	\$113	\$61	\$102
FUNDING OBJECTIVE													
One Full Month's Costs REVISED		\$29	\$30	\$31	\$30	\$31	\$32	\$32	\$33	\$34	\$34	\$35	\$71
One Half Month's Costs PRIOR													
INCREASE RATES													
Medical Claims	4%	-9%	2%	3%	-11%	0%	7%	1%	2%	4%	-1%	6%	-3%
Drug Claims, After Rebates	-1%	-1%	11%	15%	8%	11%	-4%	4%	4%	5%	6%	0%	10%
ACTIVE EMPLOYEE RATE INCREASE	0%	4%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%	6%
KEY PLAN CHANGES													
Deductible Change-Select Plan	\$500	\$1,000										\$1,300	\$1,500
Blue Card (out-of-state claims)													
PCP Copay Plan													
Drug Vendor													
Value Formulary													
Revision of Funding Objective													

SUMMARY PROJECTIONS (in Millions)

Assumes Current Benefits and Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

	Health Premium	Health Claims	Health Expense	Life Ins Interest & ACA Fees	Total Gain (Loss)	Gain as a % of Premium	ARPA Payment	Year End Projected Surplus	Prior Surplus Objective	Revised Surplus Objective	Change in Surplus
CY17	\$723	(\$717)	(\$37)	\$5.7	(\$25)	-3.4%		\$229	\$32		(\$25)
CY18	\$722	(\$733)	(\$35)	\$6.5	(\$40)	-5.5%		\$189	\$33		(\$40)
CY19	\$747	(\$766)	(\$33)	\$7.1	(\$45)	-6.0%		\$145	\$34		(\$44)
CY20	\$768	(\$768)	(\$33)	\$1.8	(\$31)	-4.1%		\$113	\$34		(\$31)
CY21	\$777	(\$802)	(\$30)	\$1.2	(\$53)	-6.8%		\$61	\$35		(\$53)
CY22	\$811	(\$802)	(\$29)	\$1.5	(\$19)	-2.3%	\$60	\$102	\$35		\$41
CY23	\$860	(\$835)	(\$31)	\$2.0	(\$4)	-0.5%		\$98	\$37	\$74	(\$4)
CY24	\$903	(\$876)	(\$31)	\$1.9	(\$2)	-0.3%		\$95	\$39	\$77	(\$2)
CY25	\$948	(\$919)	(\$32)	\$1.8	(\$2)	-0.2%		\$93	\$41	\$81	(\$2)

TREND ASSUMPTIONS, NON-MEDICARE

	Medical	Drugs*	Total
CY23	3.0%	7.5%	4.2%
CY24	3.0%	10.0%	4.9%
CY25	3.0%	10.0%	5.0%

* Net of drug rebates

RATE INCREASE ASSUMPTIONS

	Plan	Medicare
	Primary	Primary
01/01/24	5.0%	5.0%
01/01/25	5.0%	5.0%

STATE OF MISSISSIPPI'S

**STATE & SCHOOL EMPLOYEES'
LIFE & HEALTH INSURANCE PLAN**

**ACTUARIAL REPORT
CALENDAR YEAR 2022**

**PREPARED BY:
Wm. Lynn Townsend, FSA, MAAA
Consulting Actuary**

Wm. Lynn Townsend, FSA
CONSULTING ACTUARY

103 Hatheway Lane
Madison, MS 39110

WLTFS@AOL.COM
601-362-1650

March 3, 2023

Ms. Cindy Bradshaw
State Insurance Administrator
Department of Finance and Administration
State of Mississippi
P. O. Box 24208
Jackson, Mississippi 39225

Dear Ms. Bradshaw:

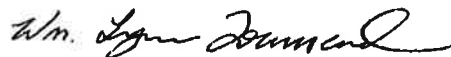
This Actuarial Report is based on a review of the experience through December 31, 2022, of the State and School Employees' Life and Health Insurance Plan ("Plan").

In performing my review and preparing my report, I relied on certain information and data provided by DFA, Blue Cross/Blue Shield of Mississippi ("BCBS"), CVS Caremark, Health Data & Management Solutions ("HDMS"), and Minnesota Life Insurance Company.

To the best of my knowledge and belief:

- 1.) All material aspects of my review have been communicated to DFA in this report.
- 2.) The calculations of the current claim liabilities of the Plan are in accordance with currently applicable Actuarial Standards of Practice.
- 3.) The projections of future cash flows and balance sheet items are based on future assumptions which, in the aggregate, appear to me to be fair and reasonable.

Sincerely,



Wm. Lynn Townsend, FSA, MAAA

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EXECUTIVE SUMMARY

For the last several calendar years, the State and School Employees' Life and Health Insurance Plan has used previously accumulated surplus to fund a portion of increasing annual benefit costs.

Following 7 straight years with no increase in the premium rates for non-Medicare rate classes, premium rates for active employees, dependents, and Legacy non-Medicare retirees were increased by 3% on 1/1/19, 3% on 1/1/20, 3% on 1/1/21, and 6% on 1/1/22. The Plan experienced surplus reductions of \$21 million in CY16, \$25 million in CY17, \$40 million in CY18, \$44 million in CY19, \$31 million in CY20, and \$53 million in CY21.

In CY22 Plan claims and expenses exceeded premium and other revenue by \$18.9 million. With the receipt of \$60 million in December 2022 from the federal government under the American Rescue Plan Act, surplus increased in CY22 by \$41.1 million instead of declining by \$18.9 million. Without the \$60 million ARPA payment the Plan would have ended CY22 with about \$41.7 million in Plan surplus, and with the \$60 million ARPA payment, the Plan ended CY22 with about \$101.7 million in Plan surplus.

The Plan increased premium rates for all classes by 6% on 1/1/23 and implemented the CVS Caremark "Value" Formulary for prescription drugs on 7/1/22. At its 2/22/23 meeting, the Board voted to plan on rate increases of 5% on 1/1/24 and 5% on 1/1/25. With those changes, the Plan is expected to experience close to break-even results in each of CY23, CY24, and CY25, and Plan surplus is expected to meet the Plan's revised stated funding objective throughout the projection period.

Funding Policy

At its meeting on 6/22/22, the Board voted to increase the Plan's stated funding objective for Plan surplus from one half ($\frac{1}{2}$) of one month's Plan expenses to one full month of Plan expenses, effective 7/1/22. The previous stated funding objective had been in place since 11/30/10, at which time a formal funding policy for the Plan was first established by the Board.

CY22 Benefit Changes

Select Plan Deductible – The in network medical deductible for Select coverage was increased by \$200 for CY22. This change was expected to reduce Plan costs in CY22 by about \$7 million.

Implementation of the CVS Caremark "Value" Formulary – The Plan implemented the CVS Caremark "Value" Formulary on 7/1/22. CVS Caremark provided a preliminary annual savings estimate for this change of about \$18 million.

Historical Financial Summary & Overview

Historical Financial Summary (in Millions)					
	CY18	CY19	CY20	CY21	CY22*
Health Insurance Gain (Loss)	(\$46.7)	(\$52.1)	(\$33.7)	(\$54.6)	(\$20.9)
Life Insurance Gain	2.4	3.2	0.5	0.9	0.9
Interest and Other Income	4.6	4.4	1.8	0.9	1.1
ARPA Payment	0.0	0.0	0.0	0.0	60.0
Total Gain (Loss)	(\$39.7)	(\$44.5)	(\$31.4)	(\$52.9)	\$41.1
* Based on current estimates of outstanding claims.					

An overview of financial results and key plan changes during the last 5 years appears in the table on the following page,

EXECUTIVE SUMMARY (Continued)

HISTORICAL FINANCIAL OVERVIEW

	CY18	CY19	CY20	CY21	CY22*
INCOME, CLAIMS & EXPENSES					
Health Premiums	\$722	\$747	\$768	\$777	\$811
BCBS Claims (Medical)	(566)	(589)	(581)	(615)	(595)
Drug Card Claims	(217)	(241)	(261)	(303)	(340)
Drug Card Rebates	49	65	75	115	133
Administrative Expenses	(35)	(33)	(33)	(30)	(29)
PCORI Fees	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Subtotal - Health Plan Gain (Loss)	(\$47)	(\$52)	(\$34)	(\$55)	(\$21)
Life Gain (Loss)	2	3	0	1	1
Interest & Other Revenue	5	4	2	1	1
ARPA Payment	0	0	0	0	60
Total Plan Gain (Loss)	(\$40)	(\$45)	(\$31)	(\$53)	\$41
SURPLUS (DEFICIT) End of Year					
Assets	\$291	\$259	\$212	\$156	\$193
Rebates Receivable	26	35	37	33	33
Liabilities (Prior to Rebates)	(128)	(149)	(136)	(129)	(124)
Surplus (Deficit)	\$189	\$145	\$113	\$61	\$102
FUNDING OBJECTIVE					
One Full Month's Costs REVISED					\$71
One Half Month's Costs PRIOR	\$33	\$34	\$34	\$35	
INCREASE RATES					
Medical Claims	2%	4%	-1%	6%	-3%
Drug Claims, Pre Rebates	7%	11%	8%	16%	12%
Rebates	19%	32%	15%	54%	16%
Drug Claims, After Rebates	4%	5%	6%	0%	10%
ACTIVE EMPLOYEE RATE INCREASE	0%	3%	3%	3%	6%
KEY PLAN CHANGES					
Deductible Change-Select Plan	\$1,000	\$1,000	\$1,000	\$1,300	\$1,500
Drug Vendor	Prime	Prime	Prime	CVS	CVS
Value Formulary					Jul 1
Revision of Funding Objective					Jul 1

* Based on claims liability estimates as of 12/31/2022.

EXECUTIVE SUMMARY (Continued)

Projections

At the 2/22/23 meeting of the Health Insurance Management Board, preliminary projections were provided under 2 alternative rate increase scenarios, and the Board voted to adopt the rate increase assumptions used with the "Scenario 1" projections presented at that meeting.

The projections appearing in this Report are consistent in most material respects with the Scenario 1 projections presented at the February 22 Board meeting. The projections in this Report assume current benefits and assume rate increases of 5% on 1/1/24 and 5% on 1/1/25.

Summary projections appear below and detailed projections appear in the body of this Report.

Under the assumptions and rate increases used in these projections, the Plan is expected to experience close to break-even results in each of CY23, CY24, and CY25, and Plan surplus is expected to meet the Plan's revised stated funding objective throughout the projection period.

SUMMARY PROJECTIONS (in Millions)

Assumes Current Benefits and Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

	Health Premium	Health Claims	Health Expense	Life Ins Interest & ACA Fees	Total Gain (Loss)	Gain (Loss) as a % of Premium	ARPA Payment	Year End Projected Surplus	Prior Surplus Objective	Revised Surplus Objective	Change in Surplus
CY17	\$723	(\$717)	(\$37)	\$5.7	(\$25)	-3.4%		\$229	\$32		(\$25)
CY18	\$722	(\$733)	(\$35)	\$6.5	(\$40)	-5.5%		\$189	\$33		(\$40)
CY19	\$747	(\$766)	(\$33)	\$7.1	(\$45)	-6.0%		\$145	\$34		(\$44)
CY20	\$768	(\$768)	(\$33)	\$1.8	(\$31)	-4.1%		\$113	\$34		(\$31)
CY21	\$777	(\$802)	(\$30)	\$1.2	(\$53)	-6.8%		\$61	\$35		(\$53)
CY22	\$811	(\$802)	(\$29)	\$1.5	(\$19)	-2.3%	\$60	\$102	\$35		\$41
CY23	\$860	(\$835)	(\$31)	\$2.0	(\$4)	-0.5%		\$98	\$37	\$74	(\$4)
CY24	\$903	(\$876)	(\$31)	\$1.9	(\$2)	-0.3%		\$95	\$39	\$77	(\$2)
CY25	\$948	(\$919)	(\$32)	\$1.8	(\$2)	-0.2%		\$93	\$41	\$81	(\$2)

TREND ASSUMPTIONS, NON-MEDICARE

	Medical	Drugs*	Total
CY23	3.0%	7.5%	4.2%
CY24	3.0%	10.0%	4.9%
CY25	3.0%	10.0%	5.0%

RATE INCREASE ASSUMPTIONS

	Plan Primary	Medicare Primary
01/01/24	5.0%	5.0%
01/01/25	5.0%	5.0%

* Net of drug rebates

EXECUTIVE SUMMARY (Continued)

Discussion of Assumptions and their Effect on the Projections

These projections are based on cost trends and other assumptions that are difficult to predict and are subject to change due to unanticipated benefit changes or other fundamental changes that affect future costs. This is particularly true during the throes of a global pandemic. There may also be elevated risk that health care costs could increase at higher rates than in prior years simply as a result of higher general inflation; no specific provision has been included for this contingency.

It is noted that current trend assumptions are considerably less than those that were actually experienced just a few years ago. However, the annual cost trend assumptions being used are consistent with the cost trends experienced in those recent years in which significant operational or benefit changes did not occur. To that extent, these assumptions appear to me to be reasonable.

It is also noted that the Plan has periodically taken action to reduce costs. For example, in CY11 deductible and other benefit and Plan changes were implemented to significantly reduce Plan costs. In CY14, significant cost reductions were achieved thru the introduction of the Blue Card network for out-of-state claims and enhancements in the AHS network for in-state claims.

Future operating results could be worse – or better – than projected. If experience worsens, rate increases higher than those shown in future years, or other Plan changes, could be required. If these projections prove to be conservative, future rate increases could perhaps be reduced or delayed, or Plan surplus in excess of that projected could still exist at the end of any of the projection periods shown.

Postemployment Benefits

The CY22 Actuarial Report being provided herein does not separately identify and quantify the liabilities and costs that must be reported and recognized by the State, as an employer, under accounting rules established by the Governmental Accounting Standards Board for post-employment benefits. Therefore, Plan surplus – as defined in this Report – does not take into account the liabilities of the State, as an employer, associated with retiree health and life insurance.

Although there are significant surplus funds that exist in the Plan, there are much higher liabilities for the State – as an employer – for future retiree benefits that have not been funded. For example, based on current claims liability estimates, the Plan's surplus was about \$102 million as of 12/31/22. Based on the most recent valuation prepared by Cavanaugh Macdonald, the State's total liability for retiree life and health insurance benefits provided through the Plan was about \$494 million as of 6/30/22.

In evaluating the extent to which existing or projected surplus of the Plan is necessary or even sufficient, this Report should be reviewed in conjunction with the most recent version of the GASB Statement No. 74 Report that has been submitted to the Health Insurance Management Board by Cavanaugh Macdonald.

CY22 FINANCIAL SUMMARY

The monthly financial statements prepared by DFA were adjusted to reflect the updated estimates of Plan liabilities and certain items of a similar nature were combined, as follows. Note that the amount shown for Plan surplus as of 12/31/21 is based upon a retroactive review of the life and health insurance claims liabilities based on actual incurred claims and incurred drug rebates.

Financial Summary for CY22 (in millions)		
Health Premiums	\$ 810.8	
Health Claims Incurred	(801.7)	
Administrative & Cost Containment Expenses	(29.5)	
PCORI Fees Incurred	(0.5)	
Subtotal Health Insurance		\$ (20.9)
Life Insurance Premium Contributions to the Plan	\$ 19.0	
Life Insurance Premiums to Minnesota Life	(18.1)	
Subtotal Life Insurance		0.9
Interest and Other Revenue		1.1
Total Gain (Loss) Before ARPA Payment		(18.9)
ARPA Payment		60.0
Total Gain (Loss) After ARPA Payment		\$ 41.1
Plan Surplus, 12/31/21 (1), (2)		\$ 60.6
Plan Surplus, 12/31/22 (2)		\$ 101.7
(1) Based on a retroactive evaluation of claims liabilities using actual paid claims.		
(2) Plan Surplus, as shown above, does not take into account the liabilities of the State, as an employer, for other postemployment benefits ("OPEB"). According to the most recent valuation prepared by Cavanaugh Macdonald, the State's Total OPEB Liability associated with retiree benefits provided through the State and School Employees' Life and Health Insurance Plan was about \$494 million as of 6/30/22.		

Historical Financial Summary

The following historical financial summary is based upon a retroactive review of the life and health insurance claims liabilities based on actual incurred claims and incurred drug rebates.

Historical Financial Summary (in Millions)					
	CY18	CY19	CY20	CY21	CY22*
Health Insurance Gain (Loss)	(\$46.7)	(\$52.1)	(\$33.7)	(\$54.6)	(\$20.9)
Life Insurance Gain	2.4	3.2	0.5	0.9	0.9
Interest and Other Income	4.6	4.4	1.8	0.9	1.1
ARPA Payment	0.0	0.0	0.0	0.0	60.0
Total Gain (Loss)	(\$39.7)	(\$44.5)	(\$31.4)	(\$52.9)	\$41.1
Plan Surplus, Beginning of Year	\$228.9	\$189.2	\$144.8	\$113.4	\$60.6
Plan Surplus, End of Year	\$189.2	\$144.8	\$113.4	\$60.6	\$101.7
* Based on current estimates of outstanding claims.					

CURRENT FUNDING STATUS

Plan Balance Sheet

As of 12/31/22, the Plan had an estimated funding surplus of \$101.7 million.

BALANCE SHEET	
AS OF DATE:	12/31/2022
ASSETS	
Cash and Invested Assets	\$ 192,830,400
Accrued Interest	215,659
Total Cash, Invested Assets, and Accrued Interest	<u>\$ 193,046,059</u>
LIABILITIES	
Estimated Medical Claims IBNR (Incurred But Not Reported)	\$ 82,349,583
less Estimated Due Rebates on Medical Claim Drugs	(1,676,493)
less Estimated Accrued Rebates on Medical Claim Drugs	(2,000,000)
Estimated Accrued Hospital Provider Incentive Payments	2,000,000
Medical Claims Due on Out-of-State Blue Card Claims	6,697,938
Provision for Claims Settlement Expenses	8,000,000
Estimated Drug Claims IBNR (Net of Adjustments)	(581,236)
Drug Claims Paid by CVS Caremark But Not Yet Paid by the Plan	14,995,950
less Estimated Accrued Drug Pricing Penalty	(4,916,869)
less Estimated Rebates Receivable on Drug Card Claims	(33,194,693)
Accrued PCORI Fees for CY19 thru CY22	1,997,026
Premium Payable to Minnesota Life for Billed Life Claims & Expense Charges	1,561,787
Estimated Future Premium for Life Claims Pending, Incurred prior to CY20	231,733
Premium Contributions Received in Advance (less Arrears)	13,078,257
Due & Accrued Prior Period Expenses	
BCBS (Plan Administration)	1,543,530
Active Health	534,268
CVS Caremark	306,030
HDMS Decision Support System	20,153
KEPRO (Utilization Management)	379,325
Miscellaneous Expenses	12,262
Total Claim Liabilities and Due & Accrued Expenses	<u>\$ 91,338,550</u>
PLAN SURPLUS ⁽¹⁾	<u><u>\$ 101,707,509</u></u>
<p><i>(1) Plan Surplus, as shown above, does not take into account the liabilities of the State, as an employer, for other postemployment benefits ("OPEB"). According to the most recent valuation prepared by Cavanaugh Macdonald, the State's Total OPEB Liability associated with retiree benefits provided through the State and School Employees' Life and Health Insurance Plan was about \$494 million as of 6/30/22.</i></p>	

CURRENT FUNDING STATUS (Continued)

Claims Liability for Incurred but Not Reported Medical Claims

The evaluation of the claims liability for claims paid by Blue Cross/Blue Shield of Mississippi ("BCBS" or "BCBS of MS") was completed following an extensive review of claims lag reports that BCBS provided for claims paid through January 2023. In general, claims liability estimates for the current period were determined by applying historical claims lag statistics to incomplete claims. These lag statistics were developed using system reports that summarize claims paid each month by the month in which the claim was incurred. Based on that analysis, I have evaluated the regular health insurance claims liability as of 12/31/22 to be about \$82.3 million. About \$40.8 million of this was paid in January 2023, leaving an estimated \$41.5 million left to be paid after January 2023. The \$82.3 million liability represents about 1.54 months of estimated average medical claims (excluding drug claims) incurred in the last 6 months.

Rebates on Certain Drug Claims Paid by BCBS under the Medical Benefit

Through its own pharmacy benefit manager, BCBS receives rebates on certain drugs filed as medical claims by hospitals, physicians, and other outpatient providers. The rebates received by BCBS related to the claims on Plan members are paid by BCBS to the Plan. In January 2023, the Plan received \$1,676,493 in rebates related to medical drug claims incurred in CY21 and CY22. Including an estimate of about \$2.0 million for additional future rebates related to claims incurred in the 3rd and 4th quarter of CY22, the Plan held a receivable of \$3.7 million as of 12/31/22 for rebates related to medical drug claims.

Hospital Provider Quality Incentive Payment

The Plan participates in a program administered by the BCBS AHS network whereby participating hospital providers are eligible to receive additional payments if they meet certain quality measure benchmarks set by AHS. In May of 2022, the Plan paid \$1,995,546 in hospital incentive payments related to CY21 claims. AHS provided to the Plan a cost estimate for the program in CY22 of \$2.0 million related to CY22 incurred hospital claims, and this amount was accrued as of 12/31/2022.

Liability for Claims Paid by BCBS in December 2022 but Not Reimbursed until January 2023

In general, medical claims paid by BCBS of MS to in-state providers are immediately reflected by the Plan as paid claims because those claims are paid by BCBS of MS from the Plan's bank account. However, medical claims paid by BCBS of MS to out-of-state providers are administered in conjunction with other states' Blue Cross plans in order to obtain network pricing under the Blue Card program, and BCBS of MS bills the Plan after the fact for those claims' payments. In January 2023, the Plan was billed \$6.7 million by BCBS of MS for medical claims paid to out-of-state providers thru December 31, 2022. This amount has been handled as a separate claims liability.

Provision for Claims Settlement Expenses

A provision of \$8.0 million was held as a liability as of 12/31/2022 for future administrative and claims settlement expenses related to claims incurred prior to 12/31/2022.

Claims Liability for Incurred but Not Reported Drug Claims

In general – for most valuation periods – the vast majority of incurred drug claims have been paid by the pharmacy benefit manager within the month in which the drug claim was incurred, and future negative adjustments have been more likely than additional future claims payments. As of 12/31/22, the drug claims liability, net of negative adjustments in January, was estimated to be negative \$581,000.

CURRENT FUNDING STATUS (Continued)

Liability for Claims Paid by CVS Caremark in December 2022 but Not Reimbursed until January 2023

Claims paid by CVS Caremark during December 2022 that were not reimbursed by the Plan until January 2023 totaled \$15.0 million. This amount has been handled as a separate claims liability.

Estimated Accrued Drug Pricing Performance Guarantee Payment

The contract between the Plan and CVS Caremark includes an annual performance guarantee related to drug pricing. Based on a preliminary analysis provided by CVS Caremark for CY22, the Plan expects to receive a payment of about \$4.9 million from CVS Caremark sometime in the next several weeks.

Rebates on Drug Claims Paid by CVS Caremark

The Plan receives rebate payments as a result of contracts in place between its pharmacy benefit manager, CVS Caremark, and various drug manufacturers. Under the Plan's contract with CVS Caremark, the Plan receives 100% of all rebates that are related to the Plan's claims. The Plan's contract with CVS Caremark also includes certain minimum rebate guarantees. After the end of each quarter, CVS Caremark bills the various manufacturers for applicable rebates, and by the end of the next quarter, the Plan receives a preliminary rebate payment. Final rebate payments for a given quarter could take quite some time, perhaps as long as year or longer after the completion of a given quarter, to obtain the total amount of rebates applicable.

As of 12/31/22, the Plan held an estimated receivable of \$33.2 million for incurred rebates that have not yet been received by the Plan. Most of this is for rebates related to claims incurred in the 4th quarter of 2022, and the Plan expects to receive a rebate payment close to this amount in early March 2023.

Patient Centered Outcomes Research Institute

The Affordable Care Act (ACA) created the Patient-Centered Outcomes Research Institute (PCORI), which according to the PCORI website, "is authorized by Congress to conduct research to provide information about the best available evidence to help patients and their health care providers make more informed decisions. PCORI's research is intended to give patients a better understanding of the prevention, treatment and care options available, and the science that supports those options."

Provisions of ACA specified that PCORI is to be funded, in part, by fees payable by all insured and self-insured plans, including governmental plans. Those fees are to be based on total Plan enrollment and were payable – under the ACA – only for Plan years 2012-2018 (payable the following July). However, the fees required for PCORI were extended for an additional 10 years for 2019 thru 2028 by the "Further Consolidated Appropriations Act, 2020" that was passed by Congress in December 2019. Total fees payable for 2019 thru 2021 of \$1,459.069 were not paid when due, and the fee for 2022 of \$537,956 is payable in July of 2023. A total liability of \$1,997.026 was established as of 12/31/2022 for due and accrued PCORI fees.

CURRENT FUNDING STATUS (Continued)

Liability for Life Insurance Premiums to Minnesota Life

The life insurance policy with Minnesota Life limits the annual amount (determined on a calendar year basis) of life insurance premiums payable by the Plan to the amount of claims actually incurred and paid, plus contractual administration charges, up to a stated maximum annual premium. Incurred benefits are estimated to have exceeded the maximum annual premium by about \$1.9 million in CY20, about \$4.9 million in CY21, and about \$1.4 million in CY22.

In addition to premium to Minnesota Life for December of \$1,561,787 (i.e., the administration charge of \$82,982 and the claims charge of \$1,478,805) billed to the Plan in January 2023, the Plan's estimated incurred liability for claims incurred would have been about \$8.4 million – prior to the application of the maximum premium provision – and was about \$232,000, after application of the maximum premium provision.

	Incurred Years				Plan Liability
	Pre CY20	CY20	CY21	CY22	
Maximum Premium Available for Claims		16,966,854	16,871,568	17,123,429	
Claims Incurred and Paid as of 12/31/2022		18,752,208	21,083,994	13,346,444	
Claims Paid in January 2023		0	103,117	1,737,025	1,840,142
Pending Claims as of 1/31/2023	231,733	133,222	540,930	3,212,985	4,118,870
Estimated IBNR			0	200,000	200,000
Claims Incurred and Paid as of 12/31/22		18,885,430	21,728,041	18,496,454	
Annual Surplus (Deficit), Incurred Basis		(1,918,576)	(4,856,473)	(1,373,025)	
Claims Paid by ML & Not Yet Billed to the Plan (in Excess of Maximum Premium)			2,220,795		<u>2,220,795</u>
Plan Liability, Prior to Maximum Premium					8,379,807
Cumulative Deficit, Incurred Basis					<u>(8,148,074)</u>
Plan Liability, After Maximum Premium Provision					231,733

LIFE INSURANCE

Increase in Life Insurance Claims Due to COVID-19

Based on current estimates of outstanding claims, Life insurance claims incurred were about \$18.9 million in CY20, \$21.7 million in CY21, and \$18.3 million in CY22. Compared to the \$14.0 million annual average for CY17 thru CY19, life insurance claims were up about 35% in CY20, 55% in CY21, and 31% in CY22. Much of this excess mortality is believed to be due to COVID-19.

Minnesota Life Insurance Company

Life insurance provided by the Plan has been insured with Minnesota Life Insurance Company since January 1, 2009. Under the Minnesota Life policy, the amount of premiums payable by the Plan to Minnesota Life for each calendar year are limited to the amount of claims actually incurred and paid, plus contractual administration charges, up to a stated maximum annual premium, with annual calendar year deficits carried forward to the next year, but not back to the prior year.

Prior to CY20 and CY21, the maximum premium provision did not have a significant impact on the Plan's annual funding, and in recent calendar years prior to CY20, the Plan's annual costs were significantly less than the maximum annual premium. However, the dramatic increase in mortality associated with COVID-19 resulted in the premiums paid to Minnesota Life in CY20, CY21, and CY22 to be limited to the maximum premium, and on an incurred basis, resulted in annual deficits absorbed by Minnesota Life estimated to be about \$1.9 million in CY20; \$4.9 million in CY21; and \$1.4 million in CY22.

Prior to its recent renewal, the current Minnesota Life policy was set to expire on 12/31/2022. At its June 22, 2022, meeting, the Board voted to renew the Minnesota Life policy as of January 1, 2023, with a 10% increase in the maximum premium and a 10% reduction in the administrative fee.

Life Insurance Benefits for Active Employees – The amount of life insurance and accidental death benefit insurance currently available to active employees is equal to 2 times the employee's annual wage rounded to the next highest \$1,000, subject to a minimum of \$30,000 and a maximum of \$100,000. The current benefit level has been in effect since April 10, 1995.

Life Insurance Benefits for Disabled Employees – Employees who participate in the life insurance plan are covered by a waiver of contribution provision in the event of a covered disability. The life insurance benefit provided to disabled employees is equal to the amount of life insurance in effect at disability. The 50% contribution previously payable by the disabled employee is waived after a 9-month waiting period.

Life Insurance Benefits for Retired Employees – Employees who retire under the State's Public Employees Retirement System are allowed to continue to participate in the life insurance plan after retirement. Since July 1, 1999, retirees have been allowed to select a benefit at retirement of \$5,000; \$10,000; or \$20,000. Retirees who retired between May 1, 1987, and June 30, 1999, were allowed to select a benefit at retirement of \$2,000; \$4,000; or \$10,000. Prior to May 1, 1987, retirees were limited to a \$2,000 benefit.

Life Insurance Premium Contributions

The premium contribution for active employees is paid 50% each by the employee and the State. Effective 1/1/2014, the premium contribution rate was reduced by 25% from \$0.24 to \$0.18 per \$1,000 benefit. Consistent with the 10% increase in the maximum premium under the Minnesota Life policy effective 1/1/23, the contribution rate for active employees was also increased on 1/1/23 from \$0.18 to \$0.20 per \$1,000 benefit.

Retired employees pay for 100% of the cost of life insurance and are charged rates per \$1,000 that vary by attained age until age 70. (See the schedule of rates in the Appendix of this Report.)

LIFE INSURANCE (Continued)

Life Insurance Experience – Last 5 Calendar Years

The life insurance experience under the Plan for the last 5 calendar years is shown in the tables below and on the following page.

The following table shows the experience of the Plan, prior to the application of the maximum premium provision.

Comparison of "Premium" Contributions to Incurred Death Benefits and Admin Charges Prior to the Application of the Maximum Premium Provision					
	CY18	CY19	CY20	CY21	CY22
Active Employees					
Actual "Premium" Contributions	11,909,847	12,073,290	12,300,175	12,216,744	12,273,223
less Claims & Admin Charges					
Death Benefits on Active Employees	9,352,187	8,346,710	12,341,696	15,931,993	13,020,752
Death Benefits on Disabled Employees	797,875	694,710	288,514	328,712	151,793
Administrative Charges	538,081	656,316	632,006	620,917	640,125
Total Claims & Admin Charges	10,688,143	9,697,736	13,262,217	16,881,622	13,812,671
Net Gain (Loss)	<u>1,221,703</u>	<u>2,375,554</u>	<u>(962,042)</u>	<u>(4,664,877)</u>	<u>(1,539,448)</u>
Gain (Loss) Percent	10.3%	19.7%	-7.8%	-38.2%	-12.5%
Retired Employees					
"Premium" Contributions	5,719,087	6,001,769	6,256,346	6,472,816	6,713,211
less Claims & Admin Charges					
Death Benefits	4,320,421	4,808,429	6,416,299	5,462,335	5,312,637
Administration Charges	258,386	326,262	321,463	328,981	350,136
Total Claims & Admin Charges	4,578,806	5,134,691	6,737,762	5,791,317	5,662,773
Net Gain (Loss)	<u>1,140,281</u>	<u>867,078</u>	<u>(481,417)</u>	<u>681,500</u>	<u>1,050,438</u>
Gain (Loss) Percent	19.9%	14.4%	-7.7%	10.5%	15.6%
Total Active & Retired					
"Premium" Contributions	17,628,934	18,075,059	18,556,520	18,689,561	18,986,434
less Claims & Admin Charges					
Death Benefits	14,470,483	13,849,849	19,046,509	21,723,040	18,485,182
Administration Charges	796,467	982,578	953,469	949,899	990,261
Total Claims & Admin Charges	15,266,950	14,832,427	19,999,979	22,672,938	19,475,444
Net Gain (Loss)	<u>2,361,984</u>	<u>3,242,632</u>	<u>(1,443,458)</u>	<u>(3,983,378)</u>	<u>(489,010)</u>
Gain (Loss) Percent	13.4%	17.9%	-7.8%	-21.3%	-2.6%

LIFE INSURANCE (Continued)

Life Insurance Experience – Last 5 Calendar Years (Continued)

The following two tables show the financial effect of the maximum premium provision; the 1st table shows the effect on Minnesota Life, and the 2nd table below shows the effect on the Plan.

Effect on Minnesota Life of the Maximum Premium Provision under the Minnesota Life Contract					
	CY18	CY19	CY20	CY21	CY22
Minnesota Life Maximum Premium	16,384,275	17,662,557	17,920,324	17,819,610	18,085,601
Incurred Claims & Admin Charges	15,246,134	14,955,647	19,838,900	22,676,083	19,458,626
Minnesota Life Incurred Premiums	15,246,134	14,955,647	17,920,324	17,819,610	18,085,601
Annual Incurred Deficit at Minn Life			(1,918,576)	(4,856,473)	(1,373,025)
Cumulative Incurred Deficit at Minn Life			(1,918,576)	(6,775,049)	(8,148,074)

Effect on the Plan of the Maximum Premium Provision under the Minnesota Life Contract					
	CY18	CY19	CY20	CY21	CY22
Life Insurance Contributions	17,628,934	18,075,059	18,556,520	18,689,561	18,986,434
Incurred Premiums to Minn Life	15,246,134	14,955,647	17,920,324	17,819,610	18,085,601
Net Plan Gain (Loss)	2,382,800	3,119,412	636,196	869,951	900,833

HEALTH PLAN ENROLLMENT

Total Plan Enrollment

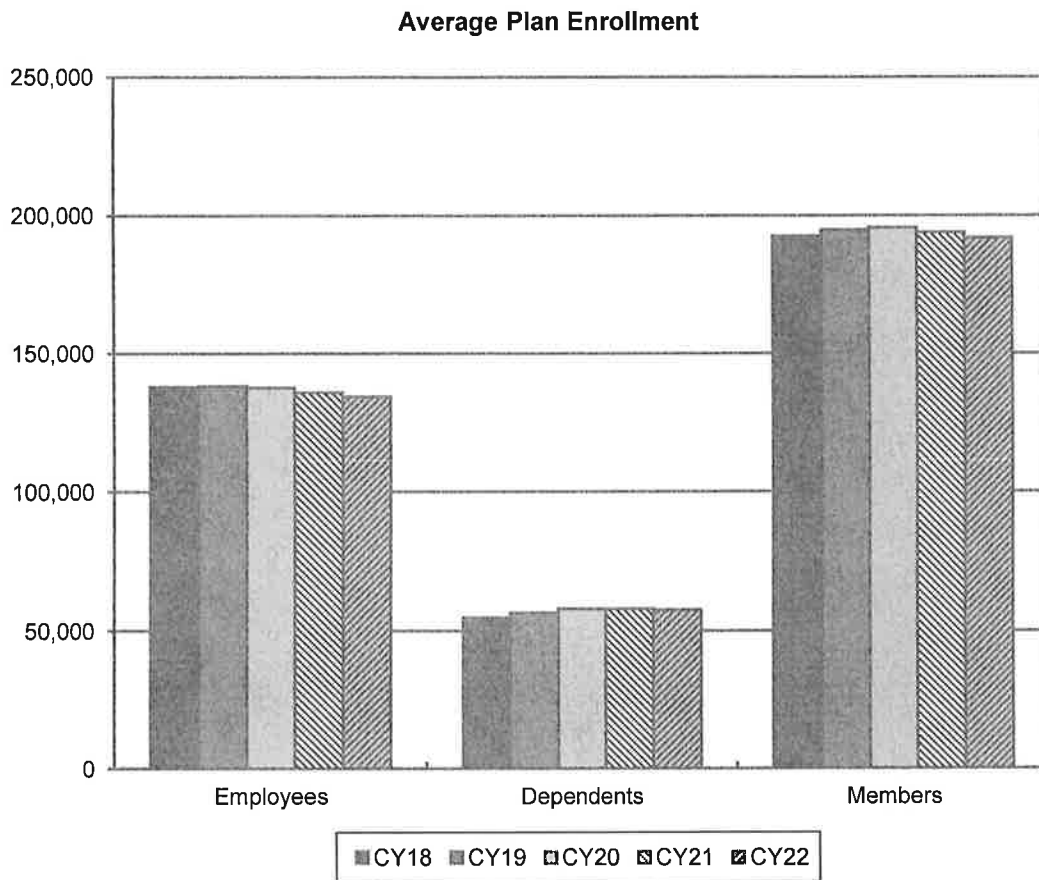
The average number of participating employees, dependents, and total members, by employee subgroup, were derived using the enrollment reports supplied by BCBS.

Average Calendar Year Enrollment

Participant	CY20		CY21		CY22	
	Count	%	Count	%	Count	%
Employees						
Active	111,277	80.8%	109,382	80.5%	107,864	80.2%
COBRA	727	0.5%	729	0.5%	641	0.5%
Early Retirees	7,905	5.7%	7,782	5.7%	7,615	5.7%
Disabled Retiree (Non-Medicare)	129	0.1%	106	0.1%	96	0.1%
Disabled Retiree (Medicare)	827	0.6%	765	0.6%	724	0.5%
Medicare Retirees	16,819	12.2%	17,141	12.6%	17,470	13.0%
Total	137,685	100.0%	135,906	100.0%	134,410	100.0%
Total Retirees	25,680	18.7%	25,795	19.0%	25,906	19.3%
Dependents						
Active	52,199	90.3%	52,323	90.3%	51,870	90.2%
COBRA	351	0.6%	347	0.6%	342	0.6%
Early Retirees	1,956	3.4%	2,004	3.5%	2,019	3.5%
Disabled Retiree (Non-Medicare)	28	0.0%	21	0.0%	18	0.0%
Disabled Retiree (Medicare)	129	0.2%	114	0.2%	107	0.2%
Medicare Retirees	3,157	5.5%	3,134	5.4%	3,145	5.5%
Total	57,821	100.0%	57,944	100.0%	57,500	100.0%
Total Retirees	5,271	9.1%	5,274	9.1%	5,288	9.2%
Members						
Active	163,476	83.6%	161,705	83.4%	159,734	83.2%
COBRA	1,078	0.6%	1,076	0.6%	982	0.5%
Early Retirees	9,862	5.0%	9,786	5.0%	9,634	5.0%
Disabled Retiree (Non-Medicare)	157	0.1%	128	0.1%	114	0.1%
Disabled Retiree (Medicare)	956	0.5%	880	0.5%	830	0.4%
Medicare Retirees	19,977	10.2%	20,275	10.5%	20,615	10.7%
Total	195,506	100.0%	193,849	100.0%	191,910	100.0%
Total Retirees	30,951	15.8%	31,069	16.0%	31,194	16.3%

HEALTH PLAN ENROLLMENT (Continued)

Total Plan Enrollment Growth



Annual Enrollment Growth Rates in CY22			
	Active	Retirees	Total
Employees	-1.4%	0.4%	-1.1%
Dependents			
Spouse	-2.1%	-1.0%	-1.8%
Children	-0.6%	5.0%	-0.4%
Total Dependents	-0.9%	0.3%	-0.8%
Employees & Dependents	-1.2%	0.4%	-1.0%

HEALTH PLAN ENROLLMENT (Continued)

Active Employee Enrollment – Legacy & Horizon Employees – Base & Select Coverage

House Bill 26, as enacted by the Legislature during 2005, included several provisions that affected the Plan beginning in CY06. "Horizon" refers to an employee or retiree who was initially hired on or after January 1, 2006. "Legacy" refers to an employee or retiree who was initially hired prior to January 1, 2006.

The Plan has two coverage options that are available to all employees:

1. "Base" coverage is a High Deductible Health Plan designed to meet the federal requirements for use with Health Savings Accounts.
2. "Select" coverage is a traditional health insurance plan that has a separate deductible applicable to prescription drug benefits.

The State pays 100% of the premium for Base coverage. The State makes the same contribution for all employees for either Base or Select coverage. The monthly contribution paid for by the State was \$356 in 2011 thru 2018, \$367 in 2019, \$378 in 2020, \$389 in 2021, and \$412 in 2022, and is \$437 in 2023.

Prior to January 1, 2011, the State also paid 100% of the premium for a Legacy employee who chose Select coverage. Beginning January 1, 2011, Legacy employees have had to pay a monthly premium of \$20 for Select coverage.

Horizon employees have always had to pay a portion of the premium for Select coverage. The portion of the monthly Select coverage premium paid by active Horizon employees was \$18 for 2006 thru 2010, \$38 for 2011 thru 2018, \$39 in 2019, \$40 in 2020, \$41 in 2021, and \$43 in 2022, and is \$46 in 2023.

Analysis of Active Employee Enrollment – Legacy & Horizon Employees – Base & Select Coverage

Historically, very few Legacy employees have chosen Base coverage (High Deductible Health Plan). However, Base coverage is selected by a significantly higher proportion of Horizon employees. Overall, about 1 out of every 6 active employees now have Base coverage.

% of Active Employees Choosing Base Coverage (HDHP)

Year	Months	Legacy Employees	Horizon Employees	All Employees
CY05	1-12	0.1%	N/A	0.1%
CY06	1-12	0.3%	20.0%	1.1%
CY07	1-12	0.5%	18.4%	2.7%
CY08	1-12	0.6%	15.4%	3.3%
CY09	1-12	0.6%	13.2%	3.5%
CY10	1-12	0.6%	11.8%	3.6%
CY11	1-12	1.9%	14.7%	5.7%
CY12	1-12	2.5%	16.9%	7.3%
CY13	1-12	3.2%	18.8%	9.0%
CY14	1-12	3.8%	20.5%	10.7%
CY15	1-12	4.4%	22.0%	12.3%
CY16	1-12	4.4%	20.7%	12.3%
CY17	1-12	4.5%	19.8%	12.3%
CY18	1-12	4.7%	19.5%	12.7%
CY19	1-12	5.0%	19.6%	13.3%
CY20	1-12	5.3%	19.6%	13.8%
CY21	1-12	5.7%	20.4%	14.9%
CY22	1-06	6.3%	21.8%	16.3%

HEALTH PLAN ENROLLMENT (Continued)

Analysis of Average Active Employee Enrollment									
Year	Months	Legacy Employees			Horizon Employees			Percent of Total	
		Select	Base	Total	Select	Base	Total	Legacy	Horizon
CY06	1-12	112,298 99.7%	365 0.3%	112,663 100.0%	3,927 80.0%	981 20.0%	4,908 100.0%	95.8%	4.2%
CY07	1-12	104,627 99.5%	561 0.5%	105,188 100.0%	11,730 81.6%	2,646 18.4%	14,376 100.0%	88.0%	12.0%
CY08	1-12	98,928 99.4%	627 0.6%	99,555 100.0%	18,849 84.6%	3,423 15.4%	22,272 100.0%	81.7%	18.3%
CY09	1-12	94,170 99.4%	600 0.6%	94,770 100.0%	24,740 86.8%	3,762 13.2%	28,501 100.0%	76.9%	23.1%
CY10	1-12	88,510 99.4%	570 0.6%	89,080 100.0%	28,531 88.2%	3,821 11.8%	32,352 100.0%	73.4%	26.6%
CY11	1-12	81,000 98.1%	1,544 1.9%	82,544 100.0%	30,182 85.3%	5,208 14.7%	35,390 100.0%	70.0%	30.0%
CY12	1-12	75,430 97.5%	1,900 2.5%	77,329 100.0%	32,938 83.1%	6,676 16.9%	39,613 100.0%	66.1%	33.9%
CY13	1-12	70,029 96.8%	2,289 3.2%	72,318 100.0%	35,373 81.2%	8,183 18.8%	43,556 100.0%	62.4%	37.6%
CY14	1-12	64,940 96.2%	2,530 3.8%	67,471 100.0%	37,887 79.5%	9,799 20.5%	47,686 100.0%	58.6%	41.4%
CY15	1-12	60,401 95.6%	2,755 4.4%	63,156 100.0%	40,348 78.0%	11,375 22.0%	51,722 100.0%	55.0%	45.0%
CY16	1-12	56,629 95.6%	2,588 4.4%	59,217 100.0%	44,023 79.3%	11,527 20.7%	55,550 100.0%	51.6%	48.4%
CY17	1-12	52,784 95.5%	2,474 4.5%	55,259 100.0%	46,559 80.2%	11,501 19.8%	58,060 100.0%	48.8%	51.2%
CY18	1-12	49,014 95.3%	2,419 4.7%	51,433 100.0%	48,711 80.5%	11,806 19.5%	60,516 100.0%	45.9%	54.1%
CY19	1-12	45,781 95.0%	2,415 5.0%	48,196 100.0%	51,345 80.4%	12,515 19.6%	63,860 100.0%	43.0%	57.0%
CY20	1-12	42,628 94.7%	2,366 5.3%	44,994 100.0%	53,287 80.4%	12,996 19.6%	66,283 100.0%	40.4%	59.6%
CY21	1-12	39,092 94.3%	2,383 5.7%	41,474 100.0%	54,027 79.6%	13,880 20.4%	67,908 100.0%	37.9%	62.1%
CY22	1-12	35,855 93.7%	2,412 6.3%	38,266 100.0%	54,431 78.2%	15,167 21.8%	69,598 100.0%	35.5%	64.5%

HEALTH PLAN ENROLLMENT (Continued)

Expected Growth in Horizon Employees as a % of Total Employees

As older employees retire or otherwise leave employment, and they are replaced by employees who were first hired by the State on or after January 1, 2006, the proportion of employees who are Horizon employees grows. Over the last 12 months, the percentage of employees who were Horizon employees grew from 63.2% on 12/31/21 to 65.6% on 12/31/22, which is an average monthly increase of about 0.20%.

If the percentage of employees who are Horizon employees were to continue to grow by an average of 0.20% per month, the Horizon proportion would grow to about 67.9% on 12/31/23, to 70.3% on 12/31/24, and to 72.7% on 12/31/25. Under that assumption, the average annual Horizon enrollment proportion would grow from 64.5% in CY22 to 66.9% in CY23, to 69.2% in CY24, and to 71.6% in CY25.

Historical Enrollment Growth by Premium Class

Following is a summary of the average enrollment, by premium class, for CY22 together with the enrollment growth rates within each class for the last 5 years.

Employee Enrollment Growth by Premium Class						
	Enrollment Growth Rates					Average Employee Enrollment *
	CY18	CY19	CY20	CY21	CY22	CY22
Employee (Active & COBRA)	-1.1%	0.0%	-0.7%	-1.7%	-1.4%	108,591
Spouse Only (Active & COBRA)	0.9%	-1.2%	-0.9%	-2.2%	-3.5%	3,788
Full Family (Active & COBRA)	6.4%	2.8%	1.5%	0.4%	-1.3%	5,581
Children Only (All Classes)	5.5%	6.4%	4.9%	1.9%	0.4%	8,701
Child Only (All classes)	3.8%	1.3%	1.5%	-1.2%	-1.3%	10,822
Disabled Retiree - Non Medicare	-5.8%	-3.2%	-20.1%	-16.1%	-9.9%	96
Retired Employee - Non Medicare	-2.2%	-2.6%	-2.7%	-1.5%	-2.1%	7,611
Retiree Spouse Only - Non Medicare	-5.1%	-3.6%	-4.7%	-4.7%	-3.1%	961
Retiree Family - Non Medicare	0.3%	0.8%	5.6%	4.1%	4.8%	236
Retiree Family - 1 on Medicare	2.3%	7.2%	-2.1%	8.2%	-6.5%	62
Retiree Spouse Only - Medicare	1.2%	1.7%	0.3%	-0.5%	-0.8%	2,830
Retired Employee - Medicare **	3.6%	3.4%	2.7%	1.3%	1.7%	18,194
* Refers to employee counts only, i.e., does not include dependents.						
** Includes disabled retirees eligible for Medicare.						

HEALTH INSURANCE EXPERIENCE

Premiums versus Claims

Health insurance premiums are estimated to have exceeded health insurance claims (prior to administrative expenses but after drug rebates) by about \$9.15 million during CY22. Following is a summary comparison for the last several years. Note that the amounts shown for incurred claims for prior years are based upon a retroactive review of health insurance claims liabilities based on actual incurred claims.

Premium versus Claims Incurred (in Millions)					
	CY18	CY19	CY20	CY21	CY22
Health Premiums	\$722.4	\$747.4	\$767.8	\$777.5	\$810.8
Health Claims Incurred	\$733.5	\$765.7	\$767.6	\$801.9	\$801.7
Loss Ratio (Claims/Premium)	101.5%	102.4%	100.0%	103.1%	98.9%

Based on current claim liability estimates, incurred claims (net of subrogation receipts, claim refunds, and pharmacy rebates) remained relatively unchanged in CY22, down slightly from \$801.9 million in CY21 to \$801.7 million in CY22.

Premiums versus Claims by Premium Class (Select & Base Coverage Combined)

CY22 paid loss ratios for the Plan as a whole appear in the Table on the following page and are summarized for the major premium classes in the table below:

CY22 PAID LOSS RATIOS SELECT AND BASE COVERAGE COMBINED: LEGACY AND HORIZON EMPLOYEES Prior to Plan Expenses, but Includes Allocated Drug Rebates

	Monthly Average Premium	Monthly Paid Losses	Paid Loss Ratio
Active (& COBRA) Employees	\$440	\$400	91%
Active (& COBRA) Dependents			
Spouse Only	\$504	\$703	140%
Full Family	\$740	\$861	116%
Child Only *	\$170	\$226	133%
Children Only *	\$353	\$428	121%
Early Retiree (Disabled)	\$507	\$2,709	535%
Early Retiree (Non-Disabled)	\$498	\$670	134%
Spouse Only	\$594	\$712	120%
Full Family	\$862	\$695	81%
Medicare Retirees & Spouse Only (Medicare)**	\$201	\$199	99%

* The children and child only premium classes are available to all employees.

** Includes disabled retirees eligible for Medicare.

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
SELECT AND BASE COVERAGE COMBINED: LEGACY AND HORIZON EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	107,962	629	7,611	96	18,194	134,493
Spouse (Regular)	3,753	34	637	4	320	4,749
Spouse (Medicare)	0	0	218	3	2,610	2,830
Family (Regular)	5,528	53	200	2	34	5,817
Child Only	10,324	48	321	6	124	10,822
Children Only	8,545	39	101	1	15	8,701
Family (1 on Medicare)	0	0	24	0	37	62
PREMIUM (in millions)						
Employee	570.5	3.4	45.5	0.6	43.9	663.9
Spouse (Regular)	22.7	0.2	4.5	0.0	2.3	29.8
Spouse (Medicare)	0.0	0.0	0.5	0.0	6.3	6.8
Family (Regular)	49.1	0.5	2.1	0.0	0.4	52.0
Child Only	21.0	0.1	0.7	0.0	0.3	22.1
Children Only	36.2	0.2	0.4	0.0	0.1	36.9
Family (1 on Medicare)	0.0	0.0	0.1	0.0	0.2	0.3
Total	699.5	4.4	53.9	0.7	53.3	811.7
CLAIMS (in millions)						
Employee	509.3	11.9	61.2	3.1	43.9	629.4
Spouse (Regular)	31.8	0.2	5.2	0.0	3.0	40.2
Spouse (Medicare)	0.0	0.0	0.6	0.0	5.8	6.3
Family (Regular)	57.0	0.6	1.7	0.0	0.2	59.6
Child Only	26.9	0.4	1.4	0.0	0.6	29.4
Children Only	43.2	0.2	0.9	0.0	0.4	44.7
Family (1 on Medicare)	0.0	0.0	0.2	0.0	0.4	0.6
Total	668.3	13.3	71.1	3.2	54.3	810.2
AVERAGE PREMIUM RATE, CY22						
Employee	440.35	454.42	498.48	506.55	201.00	
Spouse (Regular)	503.93	514.46	591.73	590.00	599.70	
Spouse (Medicare)	N/A	N/A	201.00	201.00	201.00	
Family (Regular)	739.84	752.48	860.79	862.00	868.56	
Child Only	169.40	170.66	179.05	180.00	180.00	
Children Only	353.09	356.22	360.20	361.00	361.00	
Family (1 on Medicare)	N/A	N/A	381.00	N/A	381.00	
LOSS RATIO						
Employee	89%	346%	134%	535%	100%	95%
Spouse (Regular)	140%	97%	114%	33%	132%	135%
Spouse (Medicare)	N/A	N/A	107%	21%	91%	93%
Family (Regular)	116%	129%	83%	22%	68%	115%
Child Only	128%	377%	210%	187%	233%	133%
Children Only	119%	138%	198%	9%	553%	121%
Family (1 on Medicare)	N/A	N/A	177%	N/A	214%	199%
Total	96%	303%	132%	484%	102%	100%
* Totals may not agree due to rounding. Does not include administrative expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

Premiums versus Claims by Premium Class (Select versus Base Coverage)

Paid loss ratios are summarized in the table below for active employees only and appear in detail for all premium classes in the Tables on the next 4 pages for the following subsets:

Legacy Employees – Select Coverage
 Legacy Employees – Base Coverage
 Horizon Employees – Select Coverage
 Horizon Employees – Base Coverage

CY22 PAID LOSS RATIOS ACTIVE EMPLOYEES ONLY Prior to Plan Expenses, but Includes Allocated Drug Rebates					
	Average Number of Employees	Monthly Average Premium	Monthly Paid Losses	Paid Loss Ratio	CY22 Average Age
Legacy Employees					
Select	35,864	\$432	\$500	116%	52.2
Base (HDHP)	2,413	\$412	\$319	77%	50.4
Horizon Employees					
Select	54,500	\$455	\$380	84%	40.8
Base (HDHP)	15,185	\$412	\$200	49%	37.8
All Employees					
Base & Select	107,962	\$440	\$393	89%	44.5

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
SELECT COVERAGE: LEGACY EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	35,864	152	7,414	91	17,897	61,418
Spouse (Regular)	1,633	10	615	4	307	2,569
Spouse (Medicare)	0	0	214	3	2,574	2,791
Family (Regular)	1,979	12	193	2	33	2,218
Child Only	3,402	12	313	5	119	3,851
Children Only	3,048	9	96	1	15	3,169
Family (1 on Medicare)	0	0	23	0	37	61
PREMIUM (in millions)						
Employee	185.9	0.8	44.1	0.5	43.2	274.6
Spouse (Regular)	10.1	0.1	4.4	0.0	2.2	16.7
Spouse (Medicare)	0.0	0.0	0.5	0.0	6.2	6.7
Family (Regular)	17.8	0.1	2.0	0.0	0.3	20.2
Child Only	7.3	0.0	0.7	0.0	0.3	8.3
Children Only	13.2	0.0	0.4	0.0	0.1	13.7
Family (1 on Medicare)	0.0	0.0	0.1	0.0	0.2	0.3
Total	234.3	1.0	52.2	0.6	52.4	340.5
CLAIMS (in millions)						
Employee	215.1	3.1	59.3	3.0	43.2	323.6
Spouse (Regular)	16.8	0.0	5.1	0.0	2.7	24.7
Spouse (Medicare)	0.0	0.0	0.5	0.0	5.7	6.3
Family (Regular)	27.0	0.1	1.7	0.0	0.2	29.0
Child Only	8.5	0.0	1.4	0.0	0.6	10.6
Children Only	17.3	0.0	0.8	0.0	0.4	18.6
Family (1 on Medicare)	0.0	0.0	0.2	0.0	0.4	0.5
Total	284.7	3.2	69.0	3.0	53.2	413.2
AVERAGE PREMIUM RATE, CY22						
Employee	432.00	441.83	496.00	496.00	201.00	
Spouse (Regular)	513.00	523.00	590.00	590.00	590.00	
Spouse (Medicare)	N/A	N/A	201.00	201.00	201.00	
Family (Regular)	749.00	764.00	862.00	862.00	862.00	
Child Only	180.00	184.00	180.00	180.00	180.00	
Children Only	361.00	368.00	361.00	361.00	361.00	
Family (1 on Medicare)	N/A	N/A	381.00	N/A	381.00	
LOSS RATIO						
Employee	116%	385%	134%	551%	100%	118%
Spouse (Regular)	167%	47%	118%	33%	125%	148%
Spouse (Medicare)	N/A	N/A	107%	21%	92%	93%
Family (Regular)	152%	60%	83%	22%	71%	143%
Child Only	116%	38%	212%	98%	237%	127%
Children Only	131%	101%	203%	9%	553%	135%
Family (1 on Medicare)	N/A	N/A	171%	N/A	214%	197%
Total	122%	311%	132%	495%	102%	121%
* Totals may not agree due to rounding. Does not include plan expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
BASE COVERAGE: LEGACY EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	2,413	11	121	2	0	2,546
Spouse (Regular)	110	0	14	0	0	124
Spouse (Medicare)	0	0	0	0	0	0
Family (Regular)	161	0	5	0	0	167
Child Only	301	3	7	0	0	311
Children Only	215	0	5	0	0	219
Family (1 on Medicare)	0	0	0	0	0	0
PREMIUM (in millions)						
Employee	11.9	0.1	0.7	0.0	0.0	12.7
Spouse (Regular)	0.6	0.0	0.1	0.0	0.0	0.7
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	1.3	0.0	0.1	0.0	0.0	1.4
Child Only	0.4	0.0	0.0	0.0	0.0	0.4
Children Only	0.8	0.0	0.0	0.0	0.0	0.8
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	15.0	0.1	0.9	0.0	0.0	16.0
CLAIMS (in millions)						
Employee	9.2	0.0	1.3	0.1	0.0	10.6
Spouse (Regular)	0.8	0.0	0.0	0.0	0.0	0.8
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	0.7	0.0	0.1	0.0	0.0	0.8
Child Only	0.4	0.0	0.0	0.0	0.0	0.4
Children Only	0.6	0.0	0.0	0.0	0.0	0.6
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	11.8	0.0	1.4	0.1	0.0	13.3
AVERAGE PREMIUM RATE, CY22						
Employee	412.00	420.00	473.00	473.00	N/A	
Spouse (Regular)	451.00	460.00	519.00	N/A	N/A	
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	
Family (Regular)	687.00	N/A	790.00	N/A	N/A	
Child Only	117.00	119.00	135.00	N/A	N/A	
Children Only	299.00	N/A	343.00	N/A	N/A	
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	
LOSS RATIO						
Employee	77%	28%	191%	538%	N/A	84%
Spouse (Regular)	135%	318%	11%	N/A	N/A	119%
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Family (Regular)	55%	N/A	105%	N/A	N/A	57%
Child Only	94%	329%	56%	N/A	N/A	95%
Children Only	79%	N/A	134%	N/A	N/A	82%
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Total	78%	78%	165%	538%	N/A	83%
* Totals may not agree due to rounding. Does not include administrative expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
SELECT COVERAGE: HORIZON EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	54,500	393	73	4	297	55,266
Spouse (Regular)	1,571	20	9	0	13	1,613
Spouse (Medicare)	0	0	4	0	35	39
Family (Regular)	2,733	31	1	0	2	2,766
Child Only	5,185	27	1	1	5	5,219
Children Only	4,406	22	1	0	0	4,429
Family (1 on Medicare)	0	0	1	0	0	1
PREMIUM (in millions)						
Employee	297.6	2.2	0.7	0.0	0.7	301.2
Spouse (Regular)	9.7	0.1	0.1	0.0	0.1	10.0
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.1	0.1
Family (Regular)	24.6	0.3	0.0	0.0	0.0	24.9
Child Only	11.2	0.1	0.0	0.0	0.0	11.3
Children Only	19.1	0.1	0.0	0.0	0.0	19.2
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	362.1	2.8	0.8	0.0	1.0	366.7
CLAIMS (in millions)						
Employee	248.5	7.9	0.6	0.1	0.7	257.8
Spouse (Regular)	12.5	0.1	0.0	0.0	0.3	13.0
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.1	0.1
Family (Regular)	25.0	0.3	0.0	0.0	0.0	25.3
Child Only	14.5	0.3	0.0	0.0	0.0	14.9
Children Only	21.7	0.1	0.0	0.0	0.0	21.8
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	322.2	8.8	0.6	0.1	1.1	332.9
AVERAGE PREMIUM RATE, CY22						
Employee	455.00	466.36	783.00	783.00	201.00	
Spouse (Regular)	513.00	523.00	832.00	N/A	832.00	
Spouse (Medicare)	N/A	N/A	201.00	N/A	201.00	
Family (Regular)	749.00	764.00	1011.00	N/A	1011.00	
Child Only	180.00	183.00	180.00	180.00	180.00	
Children Only	361.00	369.98	361.00	N/A	N/A	
Family (1 on Medicare)	N/A	N/A	381.00	N/A	N/A	
LOSS RATIO						
Employee	84%	360%	84%	267%	99%	86%
Spouse (Regular)	129%	114%	38%	N/A	260%	130%
Spouse (Medicare)	N/A	N/A	107%	N/A	66%	70%
Family (Regular)	102%	111%	34%	N/A	27%	102%
Child Only	130%	553%	180%	603%	134%	132%
Children Only	114%	128%	0%	N/A	N/A	114%
Family (1 on Medicare)	N/A	N/A	305%	N/A	N/A	305%
Total	89%	319%	80%	287%	117%	91%
* Totals may not agree due to rounding. Does not include plan expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

ACTUAL CY22 PAID LOSS RATIOS BY PREMIUM CLASS (INCLUDES DRUG CARD REBATES)						
BASE COVERAGE: HORIZON EMPLOYEES						
	Active Employee	COBRA Employee	Early Retiree	Early Retiree Disabled	Medicare Retiree	Total*
AVERAGE COUNT						
Employee	15,185	74	3	0	0	15,262
Spouse (Regular)	439	4	0	0	0	443
Spouse (Medicare)	0	0	0	0	0	0
Family (Regular)	656	9	0	0	0	665
Child Only	1,435	6	0	0	0	1,442
Children Only	876	8	0	0	0	884
Family (1 on Medicare)	0	0	0	0	0	0
PREMIUM (in millions)						
Employee	75.1	0.4	0.0	0.0	0.0	75.5
Spouse (Regular)	2.4	0.0	0.0	0.0	0.0	2.4
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	5.4	0.1	0.0	0.0	0.0	5.5
Child Only	2.0	0.0	0.0	0.0	0.0	2.0
Children Only	3.1	0.0	0.0	0.0	0.0	3.2
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	88.0	0.5	0.0	0.0	0.0	88.6
CLAIMS (in millions)						
Employee	36.5	0.8	0.0	0.0	0.0	37.3
Spouse (Regular)	1.7	0.0	0.0	0.0	0.0	1.7
Spouse (Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Family (Regular)	4.3	0.2	0.0	0.0	0.0	4.5
Child Only	3.5	0.0	0.0	0.0	0.0	3.5
Children Only	3.6	0.1	0.0	0.0	0.0	3.7
Family (1 on Medicare)	0.0	0.0	0.0	0.0	0.0	0.0
Total	49.6	1.2	0.0	0.0	0.0	50.7
AVERAGE PREMIUM RATE, CY22						
Employee	412.00	421.78	757.00	N/A	N/A	
Spouse (Regular)	451.00	460.00	N/A	N/A	N/A	
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	
Family (Regular)	687.00	700.00	N/A	N/A	N/A	
Child Only	117.00	119.00	N/A	N/A	N/A	
Children Only	299.00	305.00	N/A	N/A	N/A	
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	
LOSS RATIO						
Employee	49%	226%	32%	N/A	N/A	49%
Spouse (Regular)	71%	114%	N/A	N/A	N/A	71%
Spouse (Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Family (Regular)	79%	289%	N/A	N/A	N/A	82%
Child Only	174%	227%	N/A	N/A	N/A	175%
Children Only	115%	183%	N/A	N/A	N/A	116%
Family (1 on Medicare)	N/A	N/A	N/A	N/A	N/A	N/A
Total	56%	228%	31%	N/A	N/A	57%
* Totals may not agree due to rounding. Does not include plan expenses.						

HEALTH INSURANCE EXPERIENCE (Continued)

Wellness/Preventive Benefit Costs

Following is a summary of the adult and child wellness benefits (medical benefits only) incurred in CY11 thru CY21:

Wellness Benefits Incurred (in Millions)						
Medical Benefits Only (i.e., not Including Drugs)						
	Adults	% Change	Children	% Change	Total	% Change
CY11	\$27.1	7%	\$6.7	0%	\$33.8	5%
CY12	\$29.7	10%	\$7.7	14%	\$37.4	10%
CY13	\$32.1	8%	\$7.7	1%	\$39.8	7%
CY14	\$33.0	3%	\$8.3	7%	\$41.2	4%
CY15	\$33.4	1%	\$8.4	1%	\$41.8	1%
CY16	\$31.3	-6%	\$9.4	12%	\$40.7	-3%
CY17	\$29.6	-6%	\$9.6	3%	\$39.2	-4%
CY18	\$30.4	3%	\$10.2	6%	\$40.5	3%
CY19	\$32.0	6%	\$10.7	5%	\$42.7	5%
CY20	\$28.2	-12%	\$10.5	-1%	\$38.8	-9%
CY21	\$30.1	7%	\$10.7	1%	\$40.8	5%

Wellness benefits incurred in CY22 are not yet complete. Following is a comparison of the adult and child wellness benefits incurred in the 1st nine months of CY18 thru CY22 that were paid by the end of each respective calendar year.

Wellness Benefits Incurred (January thru September)							
Incurred Mos 1-9	Paid By	Adults	Percent Change	Children	Percent Change	Total	Percent Change
CY18	12/31/18	\$21,143,933		\$7,436,863		\$28,580,795	
CY19	12/31/19	\$22,740,297	8%	\$7,890,740	6%	\$30,631,038	7%
CY20	12/31/20	\$19,188,027	-16%	\$7,866,531	0%	\$27,054,558	-12%
CY21	12/31/21	\$21,176,938	-7%	\$7,994,434	1%	\$29,171,372	-5%
CY22	12/31/22	\$23,089,645	20%	\$8,002,472	2%	\$31,092,117	15%

HEALTH INSURANCE EXPERIENCE (Continued)

Claims Cost per Member and Trend Rates for Non-Drug Claims

The Table below shows – for non-drug claims – average costs per member per month for medical claims, as well as the resulting trend rates. Results are separated for members who have regular coverage, i.e., for whom the Plan is primary, versus those who have Medicare as primary coverage.

The Table below also shows the extent to which claims costs are complete, by period. For periods which have completion factors well less than 100%, the claims costs shown are heavily dependent on current estimates of the liability for outstanding claims. Therefore, the claims costs and trend rates for those periods should be considered as estimates.

It is useful to review the trends from year-to-year on a calendar year basis because most major Plan benefit and operational changes occur on a calendar year basis. For example,

- In CY11, the negative trend rates were the result of the significant benefit changes in CY11 – primarily the increase in the Plan's deductibles.
- In CY14, the significant negative trend rate was primarily the result of the improvements in network pricing and participation, particularly with respect to out-of-state claims. As of January 1, 2014, the Plan began to participate in the Blue Card Network for out-of-state claims.
- In CY16, the Plan implemented the PCP copay feature on Select coverage. During that feature's development, it was estimated that non-drug claims would increase about 2.5% due to that Plan change.

Actions taken in response to COVID-19 significantly reduced medical (non-drug) claims costs during the spring of 2020. As delayed services were subsequently provided, and direct costs associated with COVID-19 were incurred, claims costs increased. All of these effects influenced the trend rates in CY20, CY21, and CY22.

Benefit changes were implemented in CY21 and CY22 that were projected to reduce non-drug benefits by about \$15.6 million in CY21 and another \$7.0 million in CY22. If those changes had not been made – and using those savings assumptions – the claims in CY22 would have been about \$22.6 million higher, and the claims costs per member would have been about \$278.66 in CY22. Compared to the claims rate of \$262.95 that was experienced 3 years ago in CY19 (the last complete year prior to the COVID-19 pandemic), a claims rate of \$278.66 in CY22 is consistent with a trend rate of 2% per year for 3 years.

Growth in Incurred Claims per Member - NON DRUG

	Plan Primary			Medicare Primary		
	Percent Complete	PMPM	Annual Trend	Percent Complete	PMPM	Annual Trend
CY10	100.0%	\$264.95	4.5%	100.0%	\$150.02	2.0%
CY11	100.0%	\$249.12	-6.0%	100.0%	\$147.50	-1.7%
CY12	100.0%	\$256.90	3.1%	100.0%	\$147.48	0.0%
CY13	100.0%	\$268.11	4.4%	100.0%	\$151.69	2.8%
CY14	100.0%	\$239.34	-10.7%	100.0%	\$146.18	-3.6%
CY15	100.0%	\$239.80	0.2%	100.0%	\$151.13	3.4%
CY16	100.0%	\$253.39	5.7%	100.0%	\$152.43	0.9%
CY17	100.0%	\$252.60	-0.3%	100.0%	\$159.72	4.8%
CY18	100.0%	\$254.94	0.9%	100.0%	\$161.98	1.4%
CY19	100.0%	\$262.95	3.1%	100.0%	\$168.37	3.9%
CY20	99.9%	\$259.13	-1.5%	100.0%	\$160.94	-4.4%
CY21	99.8%	\$274.76	6.0%	100.0%	\$185.82	15.5%
CY22*	86.2%	\$267.63	-2.6%	89.4%	\$197.88	6.5%

* Based on estimates of outstanding claims.

HEALTH INSURANCE EXPERIENCE (Continued)

CVS Caremark / Value Formulary

The Plan changed pharmacy benefit managers on 1/1/21 to CVS Caremark from Prime Therapeutics. The Plan changed to the CVS Caremark Value Formulary on 7/1/22.

Description of Plan Benefits for Prescription Drugs

Following is a summary of the drug benefits applicable to Select coverage for the last several years:

Description of Prescription Drug Benefits for Select Coverage					
CALENDAR YEARS:	2010	2014	2018	2020	07/01/22
	2013	2017	2019	06/30/22	
DEDUCTIBLE	\$75	\$75	\$75	\$75	\$75
COPAYS					
Generic (Tier 1)	\$12	\$12	\$12	\$12	\$12
Generic (Tier 2)				\$30	*
Preferred	\$40	\$45	\$45	\$45	\$45
Non Preferred	\$65	\$70	\$100	\$100	*
Specialty	\$65	\$70	\$100	\$100	\$100
* <i>Not applicable under the Value Formulary.</i>					

Drug benefits under Base coverage (High Deductible Health Plan) are also subject to the above copays. Beginning in 2017, certain preventive drugs have been covered under Base coverage subject to the \$75 drug deductible; otherwise, drugs under Base coverage are subject to a combined medical and drug deductible, not a separate drug deductible.

Effective 1/1/06, Medicare eligible retirees no longer were eligible for drug benefits under the Plan since they were eligible for Medicare Part D drug coverage.

Drug Cost Trends for the Last 10 Years

Drug Benefit Costs, per Member per Month

	Gross Benefits*	Drug Rebates	Net Drug Benefits*	Year over Year Increase Rates		
				Gross Benefits*	Drug Rebates	Net Drug Benefits*
CY12	\$61.50	\$4.79	\$50.45			
CY13	\$71.02	\$4.75	\$66.26	15.5%	-0.9%	31.3%
CY14	\$78.29	\$6.34	\$71.96	10.2%	33.4%	8.6%
CY15	\$87.04	\$7.01	\$80.03	11.2%	10.6%	11.2%
CY16	\$92.23	\$16.75	\$75.49	6.0%	138.8%	-5.7%
CY17	\$97.90	\$20.10	\$77.81	6.1%	20.0%	3.1%
CY18	\$104.70	\$23.73	\$80.97	6.9%	18.1%	4.1%
CY19	\$115.10	\$30.93	\$84.17	9.9%	30.4%	4.0%
CY20	\$124.62	\$35.62	\$89.00	8.3%	15.2%	5.7%
CY21 ⁽¹⁾	\$145.81	\$55.55	\$90.25	17.0%	56.0%	1.4%
CY22 ⁽²⁾	\$165.87	\$65.16	\$100.71	13.8%	17.3%	11.6%

(1) Costs in CY21 are net of performance guarantees related to pricing.

(2) Costs in CY22 are net of estimated rebates & performance guarantees related to pricing.

HEALTH INSURANCE EXPERIENCE (Continued)

Drug Claims Incurred in CY22

Gross Drug Claims – Drug claims incurred by Plan members are paid by CVS Caremark and are billed to the Plan on a weekly basis. Prior to rebates – and prior to payments received by the Plan for performance guarantees related to drug pricing – gross drug claims incurred increased from \$309 million in CY21 to \$345 million in CY22, an increase of about 11.6%.

Drug Claim Rebates – The Plan receives quarterly rebate payments in conjunction with contracts in place between CVS Caremark and various drug manufacturers. Excluding rebate payments from BCBS associated with medical claims, and based on current estimates of rebates receivable, rebates incurred are estimated to have increased from \$115.3 million in CY21 to \$133.5 million in CY22, an increase of about 15.8%.

Performance Guarantee Payments – The contract between the Plan and CVS Caremark includes an annual performance guarantee related to drug pricing. The Plan receives an analysis of preliminary results following the end of each quarter, and a final cumulative annual analysis and settlement after the end of the calendar year. The Plan received a payment of \$6.2 million from CVS Caremark in June 2022 related to the pricing performance guarantee for CY21 and expects to receive a payment in a few weeks of about \$4.9 million related to the guarantee for CY22.

Net Drug Claims Incurred in CY22 – After estimated incurred rebates and net of the performance guarantee payments, net drug claims increased from \$187.3 million in CY21 to \$206.46 million in CY22, an increase of 10.2%, (On a PMPM basis, this represented an increase of about 11.6%.)

CVS Caremark “Value Formulary” Implemented as of 7/1/22 – In response to ever-increasing drug benefit costs, the Plan switched to the more restrictive CVS Caremark Value Formulary as of 7/1/22. Semi-annual results for CY21 and CY22 are shown in the table below to show the effect on cost increases following this change.

Prior to the switch to the Value formulary, net drug costs in the first half of CY22 increased by 18.9% versus the first half of CY21. After the switch to the Value Formulary, net drug costs in the 2nd half of CY22 increased by just 2.6% versus the 2nd half of CY21. (On a PMPM basis, this represented an increase of about 4.0% in the 2nd half of CY22.)

Implementation on 7/1/22 of the Value Formulary Effect on Semi-Annual Drug Benefit Costs Incurred in CY22 vs CY21 in Millions

	Gross Costs*	Drug Rebates	Net Costs*	Year over Year Increase		
				Gross Costs*	Drug Rebates	Net Costs*
C21 1H	\$140.9	(\$54.1)	\$86.8			
C21 2H	\$161.8	(\$61.2)	\$100.6			
C21 Total	\$302.7	(\$115.3)	\$187.4			
C22 1H	\$173.0	(\$69.8)	\$103.2	22.8%	29.2%	18.9%
C22 2H ⁽¹⁾	\$166.9	(\$63.7)	\$103.2	3.2%	4.0%	2.6%
C22 Total	\$339.9	(\$133.5)	\$206.4	12.3%	15.8%	10.2%

* Net of actual CY21 and projected CY22 pricing adjustments.

HEALTH INSURANCE EXPERIENCE (Continued)

Analysis of Incurred Medical and Drug Claims Costs by Premium Class

Following is an analysis of incurred claims for the last 5 years. This analysis includes both drug and non-drug claims, including an allocation of drug rebates to each class in proportion to incurred drug claims.

For all classes, this analysis relied on paid data by incurred month and the application of completion factors. This analysis does not include Plan expenses.

As indicated by the ratios of costs by premium class to the active employee cost, the costs by premium class bear a reasonably close relationship from year-to-year.

Analysis of Incurred Claims Costs by Premium Class					
	CY18	CY19	CY20	CY21	CY22*
Monthly Cost					
Employee	\$347	\$367	\$376	\$402	\$402
Spouse Only	\$682	\$658	\$646	\$626	\$637
Full Family	\$807	\$757	\$768	\$820	\$826
Children Only	\$318	\$382	\$359	\$383	\$405
Child Only	\$209	\$203	\$211	\$214	\$215
Disabled Retiree	\$3,310	\$3,043	\$3,203	\$2,331	\$2,760
Early Retiree	\$658	\$685	\$657	\$650	\$686
Retiree Spouse (Non-Medicare)	\$759	\$663	\$629	\$563	\$669
Retiree/Spouse Combined (Medicare)	\$164	\$170	\$162	\$187	\$199
Annual Rate of Increase					
Employee	2%	6%	2%	7%	0%
Spouse Only	-5%	-3%	-2%	-3%	2%
Full Family	7%	-6%	1%	7%	1%
Children Only	-1%	20%	-6%	7%	6%
Child Only	5%	-3%	4%	1%	1%
Disabled Retiree	20%	-8%	5%	-27%	18%
Early Retiree	3%	4%	-4%	-1%	5%
Retiree Spouse (Non-Medicare)	33%	-13%	-5%	-11%	19%
Retiree/Spouse Combined (Medicare)	2%	4%	-5%	15%	6%
Ratio to Employee Cost					
Employee	1.00	1.00	1.00	1.00	1.00
Spouse Only	1.96	1.79	1.72	1.56	1.58
Full Family	2.32	2.06	2.04	2.04	2.05
Children Only	0.92	1.04	0.95	0.95	1.01
Child Only	0.60	0.55	0.56	0.53	0.53
Disabled Retiree	9.53	8.29	8.52	5.80	6.86
Early Retiree	1.89	1.87	1.75	1.62	1.70
Retiree Spouse (Non-Medicare)	2.19	1.80	1.67	1.40	1.66
Retiree/Spouse Combined (Medicare)	0.47	0.46	0.43	0.47	0.49
<i>* Based on estimates of outstanding claims as of 12/31/22.</i>					

HEALTH INSURANCE EXPERIENCE (Continued)

Retiree & Dependent Rate Subsidies

Historically, premium rates for retirees - and for most active dependent premium classes - have been set below true actuarial cost. In effect, the State subsidizes those premium classes. The experience of the Plan in CY22 was separated by premium class in order to evaluate the amount of those subsidies. In the tables below, Plan expenses were allocated in proportion to the number of employees and retirees; retiree life insurance was allocated to early retirees, i.e., for retirees for whom the Plan is Primary; and all interest income was allocated to active employees.

CY22 Plan Subsidy Costs				
	<u>Premiums</u>	<u>Claims</u>	<u>Expenses less Other Income</u>	<u>Gain (Loss)</u>
Active Dependents	\$128,823,615	(\$149,416,468)	(\$4,440,900)	(\$25,033,753)
COBRA Employees	4,380,100	(12,802,201)	(140,388)	(\$8,562,489)
Disabled Retirees - Plan Primary	652,257	(3,199,049)	(21,435)	(\$2,568,227)
Retirees - Plan Primary	53,818,287	(71,966,321)	(647,550)	(\$18,795,584)
Retirees - Medicare Primary	53,279,837	(53,649,943)	(4,058,980)	(\$4,429,086)
Disabled Retirees - Life Insurance	-	(151,793)	-	(151,793)
Subtotal - Subsidized Classes	\$240,954,096	(\$291,185,775)	(\$9,309,253)	(\$59,540,932)
Active Employees	\$569,847,067	(\$510,616,697)	(\$18,539,723)	\$40,690,648
Total Plan	\$810,801,163	(\$801,802,471)	(\$27,848,975)	(\$18,850,284)

The table below shows the average monthly subsidy cost (a) per active employee for each active employee who purchases dependent coverage and (b) per retiree for each retiree who purchases either retired employee only coverage or both retired employee and dependent coverage. This table illustrates the extent to which monthly premium rates would have to be increased for those employee subgroups in order to eliminate the Plan's subsidy cost. For example, during CY22 an average of 28,150 active employees (or 26.1% of active employees) covered one or more of their dependents. The State incurred an average monthly subsidy cost of \$74.11 for each of those active employees. Similarly, the State incurred an average monthly subsidy cost of \$205.79 for each early retiree who was not disabled.

CY22 Plan Subsidy Costs per Active or Retired Employee			
<u>Employee Subgroup</u>	<u>Average Employee Count</u>	<u>Total Plan Subsidy</u>	<u>Monthly Subsidy per Employee or Retiree</u>
Active Employees with Dependent Coverage	28,150	\$25,033,753	\$74.11
COBRA Employees	629	\$8,562,489	\$1,133.88
Disabled Retiree - Plan Primary	96	\$2,568,227	\$2,227.43
Retirees - Plan Primary	7,611	\$18,795,584	\$205.79
Retirees - Medicare Primary	18,194	\$4,429,086	\$20.29

HEALTH INSURANCE EXPERIENCE (Continued)

Retiree & Dependent Rate Subsidies (Continued)

The table that follows shows the CY22 subsidy costs represented as a *cost per active employee*. This table shows that monthly subsidy costs increased the Plan's monthly cost per active employee by \$45.96 in CY22.

Effect of Plan Subsidy Costs on Active Employee Premium Rate		
	<u>CY22</u>	
	Annual Costs	Monthly Cost per Active Employee
Total Active Employee Costs	\$529,156,419	\$408.44
Subsidy Costs for:		
COBRA Employees	8,562,489	6.61
Dependents of Active Employees	25,033,753	19.32
Disabled Retirees - Plan Primary	2,568,227	1.98
Retirees - Plan Primary	18,795,584	14.51
Retirees - Medicare Primary	4,429,086	3.42
Disabled Retirees - Life Insurance	151,793	0.12
Subtotal - Subsidy Costs	\$59,540,932	\$45.96
Total Current Year's Costs	\$588,697,351	\$454.40
less Current Costs Funded by Prior Year's Premium	(18,850,284)	(14.55)
Total Active Employee Premium Current Year	\$569,847,067	\$439.85

PLAN BENEFIT CHANGES

CY21 Plan Changes

Select Plan Deductible – The medical deductible for Select coverage in CY21 was increased by \$300. This Plan change was expected to reduce Plan costs in CY21 by about \$11.6 million.

Coinsurance Maximum – The coinsurance maximums for both Select and Base coverage in CY21 were increased by \$500. This Plan change was expected to reduce Plan costs in CY21 by about \$4.0 million.

CY21 SELECT COVERAGE						
	Separate Medical Plan			Separate Drug Plan		Combined
	*Individual Medical Deductible	*Medical Coinsurance	Individual Coinsurance Maximum	Individual Drug Deductible	Drug Copays	Individual Out of Pocket Limit
				\$75	\$12/\$30/\$45/\$100	
In Network	\$1,300	20%	\$3,000			\$6,500
Out-of-Network	\$2,300	40%	\$4,000			
<p>* PCP Copay Feature (In-Network Only)</p> <p>PCP office visit charges are not subject to the deductible.</p> <p>PCP office visit copay: \$25 (applies to the evaluation & management charge)</p> <p>PCP office visits charges other than the evaluation & management charge: 20% coinsurance</p> <p>Family Medical Deductibles are limited to 2 times the Individual Medical Deductibles.</p> <p>Family OOP Limits are limited to 2 times the Individual OOP Limits.</p>						

CY21 BASE COVERAGE						
	Combined Deductible*	Medical Coinsurance	Medical Coinsurance Maximum	Drug Copays	Combined Out-of- Pocket <u>Limit</u>	
<u>Self Only Coverage</u>						
In Network	\$1,800	20%	\$3,000	\$12/\$30/\$45/\$100	\$6,500	
Out-of-Network	\$1,800	40%	\$4,000	\$12/\$30/\$45/\$100		
<u>Family Coverage</u>					Per Family	Each Person
In Network	\$3,000	20%	\$5,500	\$12/\$30/\$45/\$100	\$13,000	\$6,500
Out-of-Network	\$3,000	40%	\$7,500	\$12/\$30/\$45/\$100		
* Drugs on the HSA Preventive Drug list are subject only to a separate \$75 deductible.						

PLAN BENEFIT CHANGES (Continued)

CY22 Plan Changes

Select Plan Deductible – The in network medical deductible for Select coverage for CY22 was increased by \$200. This Plan change was expected to reduce Plan costs in CY22 by about \$7 million.

CY22 SELECT COVERAGE						
	Separate Medical Plan			Separate Drug Plan		Combined
	*Individual Medical Deductible	*Medical Coinsurance	Individual Coinsurance Maximum	Individual Drug Deductible	Drug Copays	Individual Out of Pocket Limit
In Network	\$1,500	20%	\$3,000	\$75	\$12/\$30/\$45/\$100	\$6,500
Out-of-Network	\$2,300	40%	\$4,000			
<p>* PCP Copay Feature (In-Network Only)</p> <p>PCP office visit charges are not subject to the deductible.</p> <p>PCP office visit copay: \$25 (applies to the evaluation & management charge)</p> <p>PCP office visits charges other than the evaluation & management charge: 20% coinsurance</p> <p>Family Medical Deductibles are limited to 2 times the Individual Medical Deductibles.</p> <p>Family OOP Limits are limited to 2 times the Individual OOP Limits.</p>						

Implementation on 7/1/22 of the CVS Caremark “Value” Formulary – At its 2/23/22 meeting, the Board approved the implementation of a formulary for prescription drugs based on the CVS Caremark “Value” Formulary. Based on an analysis provided by CVS Caremark, the “Value” Formulary is expected to reduce annual drug costs by about \$18.3 million.

HISTORICAL HEALTH INSURANCE RATE INCREASES

Summary of Active Employee Rate Increases from 1986 through January 2023

Year	Increase	Effective Date
1986	0%	
1987	0%	
1988	0%	
1989	6%	July 1, 1989
1990	10%	July 1, 1990
1991	20%	July 1, 1991
1992	25%	February 1, 1992
1993	5%	July 1, 1993
1994	0%	
1995	0%	
1996	0%	
1997	10%	July 1, 1997
1998	4.5%	July 1, 1998 (10% State Plan, 0% School Plan)
1999	9%	July 1, 1999 (3% State Plan, 14% School Plan)
2000	3%	January 1, 2000
	12%	July 1, 2000
2001	6%	July 1, 2001
2002	7%	July 1, 2002
2003	4%	July 1, 2003
2004	23%	July 1, 2004
2005	9%	July 1, 2005
2006	11%	July 1, 2006
2007	5%	July 1, 2007
2008	1.5%	July 1, 2008
2009-2010	0%	
2011	4%	January 1, 2011
2012-2018	0%	
2019	3%	January 1, 2019
2020	3%	January 1, 2020
2021	3%	January 1, 2021
2022	6%	January 1, 2022
2023	6%	January 1, 2023

As of 1/1/23, the above rate increase history is equivalent to a compound annual rate of:

- 3.7% for the last 20 years
- 2.0% for the last 10 years
- 4.0% for the last 5 years

Dependent and Retiree Rate Increases

Rate increases for the last 13 years for dependents and retirees are illustrated in the Table below:

Average Dependent & Retiree Rate Increases									
	2011	2012	2016	2017	2019	2020	2021	2022	2023
Dependents of Active Employees	15%	0%	0%	0%	3%	3%	3%	6%	6%
Non-Medicare Retirees	4%	0%	0%	0%	3%	3%	3%	6%	6%
Dependents of Retired Employees	15%	0%	0%	0%	3%	3%	3%	6%	6%
Medicare Retirees	15%	2%	-5%	2%	2%	2%	2%	2.5%	6%

FUNDING POLICY

At the 11/30/10 meeting of the Health Insurance Management Board, a formal funding policy for the Plan was adopted by the Board, as follows:

Funding Policy

The State and School Employees Health Insurance Management Board shall endeavor to always hold assets sufficient to fully fund all liabilities for incurred administrative expenses, health insurance claims, and life insurance claims of the State and School Employees' Life and Health Insurance Plan. Incurred life and health insurance claims liabilities will include provision both for claims that have been reported and for claims that have not been reported. Claim liability estimates are recomputed on a periodic basis and are based on historical statistics related to the time it takes to fully adjudicate claims, and may be based, in part, on other factors such as inflation and participant counts. Due to the complex nature of the factors involved in the claims liability calculations, actual results may be more or less than the estimate.

Except to the extent that prior accumulated Plan surplus can perhaps be used to offset a portion of current or future costs, the Board shall endeavor to set, for any current or future period, premium rates and benefit structures such that Plan revenues and expenditures are essentially in actuarial balance for such current or future period. To the extent that benefit costs and expenses are in fact being funded by previously accumulated assets and not by premium rates that are sufficient for the remainder of the period to which the premium rates apply, the Plan shall establish a reserve based on actuarial projections for the amount of the premium deficiency.

Recognizing that claims cost estimates for past and future periods are subject to a degree of uncertainty, and therefore may exceed prior estimates, and recognizing that future Plan premium rate and benefit changes may not be able to be implemented on a schedule entirely consistent with the preceding funding objectives, the Board shall endeavor to always hold a reasonable amount of Plan surplus, with Plan surplus measured as the difference in Plan assets and Plan liabilities and reserves. For this purpose, the Board shall endeavor to hold Plan surplus in an amount at least equal to approximately one half ($\frac{1}{2}$) of one month's Plan expenses (based upon the average monthly expenses for the last twelve months).

At its meeting on 6/22/22, the Board voted to increase the Plan's stated funding objective for Plan surplus from one half ($\frac{1}{2}$) of one month's Plan expenses to one full month of Plan expenses, effective 7/1/22.

It should be noted that the funding policy described above does not address the issues raised by the implementation of GASB accounting rules applicable to postemployment life and health insurance benefits. In evaluating the extent to which existing or projected surplus of the Plan is necessary or even sufficient, this Report should be reviewed in conjunction with the most recent version of the GASB Statement No. 74 Report that has been submitted to the Health Insurance Management Board by Cavanaugh Macdonald.

PLAN PROJECTIONS

Basic Projection Approach

Incurred medical and drug claims rates were projected forward on a semi-annual basis – by premium class – using assumptions for annual non-drug benefit trend and annual drug benefit trend. See the Appendix of this Report for a more detailed description of those and other assumptions used in these projections.

Non-Drug Benefit Trend

The basic annual trend assumption, prior to benefit changes, for non-drug benefits was 3% for both non-Medicare and Medicare primary premium classes.

Drug Benefit Trend

Prior to any Plan or benefit changes, the basic annual trend assumption for CY23 thru CY25 for drug benefits, net of rebates, was 10%. However, the Plan implemented the CVS Caremark Value Formulary as of 7/1/22, and trend rates are expected to be lower for the 1st half of CY23 versus the 1st half of CY22 as a result of this change. A 5% assumption was used for the 1st half of CY23 and a 10% assumption for the 2nd half of CY23. The same trend assumption was made for drug benefits before rebates, rebates, and drug benefits after rebates. These assumptions produce an increase in net drug claims in CY23 of about 7.5%, followed by increases in CY24 and CY25 of about 10%.

Discussion of Assumptions and their Effect on the Projections

These projections are based on cost trends and other assumptions that are difficult to predict and are subject to change due to unanticipated benefit changes or other fundamental changes that affect future costs. This is particularly true during the throes of a global pandemic. There may also be elevated risk that health care costs could increase at higher rates than in prior years simply as a result of higher general inflation; no specific provision has been included for this contingency.

It is noted that current trend assumptions are considerably less than those that were actually experienced just a few years ago. However, the annual cost trend assumptions being used are consistent with the cost trends experienced in those recent years in which significant operational or benefit changes did not occur. To that extent, these assumptions appear to me to be reasonable.

It is also noted that the Plan has periodically taken action to reduce costs. For example, in CY11 deductible and other benefit changes were implemented to reduce Plan costs. In CY14, significant cost reductions were achieved thru the introduction of the Blue Card network for out-of-state claims and enhancements in the AHS network for in-state claims.

Future operating results could be worse – or better – than projected. If experience worsens, rate increases higher than those shown in future years, or other Plan changes, could be required. If these projections prove to be conservative, future rate increases could perhaps be reduced or delayed, or Plan surplus in excess of that projected could still exist at the end of any of the projection periods shown.

PLAN PROJECTIONS (Continued)

Projections

At the 2/22/23 meeting of the Health Insurance Management Board, preliminary projections were provided under 2 alternative rate increase scenarios, and the Board voted to adopt the rate increase assumptions used with the "Scenario 1" projections presented at that meeting.

The projections appearing in this Report are consistent in most material respects with the Scenario 1 projections presented at the February 22 Board meeting. The projections in this Report assume current benefits and assume rate increases of 5% on 1/1/24 and 5% on 1/1/25.

Summary projections appear below and detailed projections appear on the pages that follow.

Under the assumptions and rate increases used in these projections, the Plan is expected to experience close to break-even results in each of CY23, CY24, and CY25, and Plan surplus is expected to meet the Plan's revised stated funding objective throughout the projection period.

SUMMARY PROJECTIONS (in Millions)

Assumes Current Benefits and Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

	Health Premium	Health Claims	Health Expense	Life Ins Interest & ACA Fees	Total Gain (Loss)	Gain (Loss) as a % of Premium	ARPA Payment	Year End Projected Surplus	Prior Surplus Objective	Revised Surplus Objective	Change in Surplus
CY17	\$723	(\$717)	(\$37)	\$5.7	(\$25)	-3.4%		\$229	\$32		(\$25)
CY18	\$722	(\$733)	(\$35)	\$6.5	(\$40)	-5.5%		\$189	\$33		(\$40)
CY19	\$747	(\$766)	(\$33)	\$7.1	(\$45)	-6.0%		\$145	\$34		(\$44)
CY20	\$768	(\$768)	(\$33)	\$1.8	(\$31)	-4.1%		\$113	\$34		(\$31)
CY21	\$777	(\$802)	(\$30)	\$1.2	(\$53)	-6.8%		\$61	\$35		(\$53)
CY22	\$811	(\$802)	(\$29)	\$1.5	(\$19)	-2.3%	\$60	\$102	\$35		\$41
CY23	\$860	(\$835)	(\$31)	\$2.0	(\$4)	-0.5%		\$98	\$37	\$74	(\$4)
CY24	\$903	(\$876)	(\$31)	\$1.9	(\$2)	-0.3%		\$95	\$39	\$77	(\$2)
CY25	\$948	(\$919)	(\$32)	\$1.8	(\$2)	-0.2%		\$93	\$41	\$81	(\$2)

TREND ASSUMPTIONS, NON-MEDICARE

	Medical	Drugs*	Total
CY23	3.0%	7.5%	4.2%
CY24	3.0%	10.0%	4.9%
CY25	3.0%	10.0%	5.0%

RATE INCREASE ASSUMPTIONS

	Plan Primary	Medicare Primary
01/01/24	5.0%	5.0%
01/01/25	5.0%	5.0%

* Net of drug rebates

Premium Deficiency Reserves

Under the assumptions and rate increases used in current Plan projections, the Plan is expected to experience close to break-even results in each of CY23, CY24, and CY25. Therefore, no premium deficiency reserves are currently applicable.

PROJECTED ASSETS, LIABILITIES, & FUNDING STATUS

Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

Mo	Yr	Total Plan Assets	Total Plan Liabilities	Assets less Liabilities
12	22	193,046,059	91,338,550	101,707,509
1	23	181,647,422	70,902,996	110,744,426
2	23	176,694,847	55,603,835	121,091,012
3	23	205,614,330	82,363,194	123,251,136
4	23	197,450,059	70,139,571	127,310,488
5	23	187,247,049	56,708,401	130,538,648
6	23	208,830,354	83,799,155	125,031,198
7	23	198,537,125	70,492,077	128,045,048
8	23	185,542,001	59,983,170	125,558,832
9	23	212,158,613	85,937,398	126,221,215
10	23	198,954,300	77,353,167	121,601,133
11	23	181,290,645	69,663,885	111,626,761
12	23	193,386,731	95,668,086	97,718,645
1	24	181,141,795	73,790,920	107,350,875
2	24	175,662,244	57,366,160	118,296,084
3	24	201,366,951	80,752,161	120,614,790
4	24	192,345,671	67,381,468	124,964,203
5	24	181,041,451	52,670,427	128,371,025
6	24	204,825,931	82,083,088	122,742,843
7	24	193,749,888	67,666,240	126,083,649
8	24	179,599,182	56,004,324	123,594,859
9	24	209,021,847	84,622,495	124,399,351
10	24	194,703,290	74,965,848	119,737,442
11	24	175,759,029	66,223,758	109,535,272
12	24	189,768,205	94,536,267	95,231,938
1	25	176,568,747	71,150,465	105,418,282
2	25	170,313,400	53,396,767	116,916,633
3	25	198,345,955	79,027,724	119,318,231
4	25	188,210,705	64,314,846	123,895,859
5	25	175,572,257	48,164,870	127,407,387
6	25	201,704,807	80,133,086	121,571,721
7	25	189,656,771	64,473,046	125,183,725
8	25	174,143,914	51,533,738	122,610,176
9	25	206,565,468	83,081,591	123,483,878
10	25	190,934,235	72,235,136	118,699,099
11	25	170,492,460	62,312,566	108,179,894
12	25	186,532,185	93,150,125	93,382,060

PROJECTED PLAN LIABILITIES

Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

Mo	Yr	Health Claims Incurred But Not Reported	BCBS Drug Rebates Due	CVS Caremark Drug Pricing Adjustment	PBM Drug Rebates Receivable	Health Claims Payable	Life Claims Incurred But Not Reported	Life Claims Payable	Advance less Due Premium	PCORI Fees Accrued & Payable	Expenses Payable
12	22	89,768,347	-1,676,493	-4,916,869	-33,194,693	21,693,888	231,733	1,478,805	13,078,257	1,997,026	2,878,550
1	23	80,430,761	0	-4,916,869	-44,557,380	21,693,888	231,733	1,478,805	13,078,257	585,251	2,878,550
2	23	76,055,339	0	-4,916,869	-55,528,415	21,693,888	231,733	1,478,805	13,078,257	632,547	2,878,550
3	23	77,236,569	0	0	-34,914,450	21,693,888	231,733	1,478,805	13,078,257	679,842	2,878,550
4	23	77,186,464	0	0	-47,135,263	21,693,888	231,733	1,478,805	13,078,257	727,137	2,878,550
5	23	76,623,726	0	0	-60,050,990	21,693,888	231,733	1,478,805	13,078,257	774,433	2,878,550
6	23	81,954,705	0	0	-38,338,510	21,693,888	231,733	1,478,805	13,078,257	821,728	2,878,550
7	23	79,716,643	0	0	-48,916,866	21,693,888	231,733	1,478,805	13,078,257	331,067	2,878,550
8	23	81,122,969	0	0	-60,879,395	21,693,888	231,733	1,478,805	13,078,257	378,362	2,878,550
9	23	80,213,890	0	0	-34,063,383	21,693,888	231,733	1,478,805	13,078,257	425,658	2,878,550
10	23	83,283,822	0	0	-45,764,841	21,693,888	231,733	1,478,805	13,078,257	472,953	2,878,550
11	23	87,457,028	0	0	-57,674,625	21,693,888	231,733	1,478,805	13,078,257	520,248	2,878,550
12	23	91,650,282	0	0	-35,910,972	21,693,888	231,733	1,478,805	13,078,257	567,544	2,878,550
1	24	82,222,174	0	0	-48,409,927	21,693,888	231,733	1,478,805	13,078,257	617,440	2,878,550
2	24	77,815,656	0	0	-60,478,066	21,693,888	231,733	1,478,805	13,078,257	667,337	2,878,550
3	24	79,079,589	0	0	-38,405,894	21,693,888	231,733	1,478,805	13,078,257	717,233	2,878,550
4	24	79,101,895	0	0	-51,848,790	21,693,888	231,733	1,478,805	13,078,257	767,130	2,878,550
5	24	78,548,256	0	0	-66,056,089	21,693,888	231,733	1,478,805	13,078,257	817,026	2,878,550
6	24	84,027,293	0	0	-42,172,361	21,693,888	231,733	1,478,805	13,078,257	866,923	2,878,550
7	24	81,764,283	0	0	-53,808,552	21,693,888	231,733	1,478,805	13,078,257	349,276	2,878,550
8	24	83,211,252	0	0	-66,967,334	21,693,888	231,733	1,478,805	13,078,257	399,172	2,878,550
9	24	82,281,914	0	0	-37,469,721	21,693,888	231,733	1,478,805	13,078,257	449,069	2,878,550
10	24	85,446,974	0	0	-50,341,325	21,693,888	231,733	1,478,805	13,078,257	498,966	2,878,550
11	24	89,755,750	0	0	-63,442,087	21,693,888	231,733	1,478,805	13,078,257	548,862	2,878,550
12	24	94,078,344	0	0	-39,502,069	21,693,888	231,733	1,478,805	13,078,257	598,759	2,878,550
1	25	84,388,753	0	0	-53,250,920	21,693,888	231,733	1,478,805	13,078,257	651,399	2,878,550
2	25	79,857,366	0	0	-66,525,872	21,693,888	231,733	1,478,805	13,078,257	704,040	2,878,550
3	25	81,156,294	0	0	-42,246,484	21,693,888	231,733	1,478,805	13,078,257	756,681	2,878,550
4	25	81,177,960	0	0	-57,033,669	21,693,888	231,733	1,478,805	13,078,257	809,322	2,878,550
5	25	80,603,372	0	0	-72,661,698	21,693,888	231,733	1,478,805	13,078,257	861,963	2,878,550
6	25	86,246,846	0	0	-46,389,598	21,693,888	231,733	1,478,805	13,078,257	914,604	2,878,550
7	25	83,932,735	0	0	-59,189,408	21,693,888	231,733	1,478,805	13,078,257	368,486	2,878,550
8	25	85,415,446	0	0	-73,664,068	21,693,888	231,733	1,478,805	13,078,257	421,127	2,878,550
9	25	84,463,283	0	0	-41,216,693	21,693,888	231,733	1,478,805	13,078,257	473,768	2,878,550
10	25	87,722,951	0	0	-55,375,457	21,693,888	231,733	1,478,805	13,078,257	526,409	2,878,550
11	25	92,158,579	0	0	-69,786,296	21,693,888	231,733	1,478,805	13,078,257	579,049	2,878,550
12	25	96,609,478	0	0	-43,452,276	21,693,888	231,733	1,478,805	13,078,257	631,690	2,878,550

PROJECTED INCURRED HEALTH INSURANCE COSTS
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

Mo	Yr	Health Premiums Incurred	Health Claims Incurred	Drug Rebates Incurred	Health Plan Expenses	PCORI Fees Incurred	Health Gain (Loss) Incurred
1	23	71,784,744	-71,721,667	11,362,687	-2,548,216	-47,295	8,830,252
2	23	71,784,744	-70,012,928	10,971,035	-2,548,216	-47,295	10,147,339
3	23	71,784,744	-79,819,066	12,580,728	-2,548,216	-47,295	1,950,894
4	23	71,784,744	-77,568,568	12,220,814	-2,548,216	-47,295	3,841,478
5	23	71,784,744	-79,087,024	12,915,727	-2,548,216	-47,295	3,017,936
6	23	71,784,744	-88,113,615	13,201,970	-2,548,216	-47,295	-5,722,413
7	23	71,513,032	-76,706,458	10,578,355	-2,543,675	-47,295	2,793,960
8	23	71,513,032	-83,580,773	11,962,529	-2,543,675	-47,295	-2,696,182
9	23	71,513,032	-79,997,816	11,522,498	-2,543,675	-47,295	446,744
10	23	71,513,032	-85,464,828	11,701,458	-2,543,675	-47,295	-4,841,308
11	23	71,513,032	-91,014,587	11,909,784	-2,543,675	-47,295	-10,182,741
12	23	71,513,032	-95,335,958	12,299,730	-2,543,675	-47,295	-14,114,167
1	24	75,378,988	-75,778,206	12,498,955	-2,623,599	-49,897	9,426,241
2	24	75,378,988	-74,027,027	12,068,138	-2,623,599	-49,897	10,746,603
3	24	75,378,988	-84,432,618	13,838,801	-2,623,599	-49,897	2,111,675
4	24	75,378,988	-82,012,953	13,442,895	-2,623,599	-49,897	4,135,435
5	24	75,378,988	-83,711,483	14,207,300	-2,623,599	-49,897	3,201,309
6	24	75,378,988	-93,066,551	14,522,167	-2,623,599	-49,897	-5,838,893
7	24	75,096,027	-80,938,833	11,636,191	-2,618,923	-49,897	3,124,565
8	24	75,096,027	-88,280,276	13,158,782	-2,618,923	-49,897	-2,694,287
9	24	75,096,027	-84,509,321	12,674,748	-2,618,923	-49,897	592,635
10	24	75,096,027	-90,178,869	12,871,604	-2,618,923	-49,897	-4,880,059
11	24	75,096,027	-95,934,435	13,100,763	-2,618,923	-49,897	-10,406,465
12	24	75,096,027	-100,462,483	13,529,703	-2,618,923	-49,897	-14,505,573
1	25	79,137,508	-80,146,930	13,748,851	-2,703,021	-52,641	9,983,767
2	25	79,137,508	-78,352,921	13,274,952	-2,703,021	-52,641	11,303,877
3	25	79,137,508	-89,406,473	15,222,681	-2,703,021	-52,641	2,198,054
4	25	79,137,508	-86,802,401	14,787,185	-2,703,021	-52,641	4,366,630
5	25	79,137,508	-88,699,861	15,628,030	-2,703,021	-52,641	3,310,015
6	25	79,137,508	-98,399,029	15,974,383	-2,703,021	-52,641	-6,042,799
7	25	78,841,087	-85,491,298	12,799,810	-2,698,203	-52,641	3,398,755
8	25	78,841,087	-93,339,972	14,474,660	-2,698,203	-52,641	-2,775,069
9	25	78,841,087	-89,367,327	13,942,223	-2,698,203	-52,641	665,139
10	25	78,841,087	-95,249,341	14,158,764	-2,698,203	-52,641	-5,000,334
11	25	78,841,087	-101,220,818	14,410,839	-2,698,203	-52,641	-10,719,737
12	25	78,841,087	-105,969,449	14,882,673	-2,698,203	-52,641	-14,996,533

PROJECTED PLAN CASH FLOWS
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

Mo	Yr	Premiums Less Expenses	Health Claims Paid, Net	BCBS Rebates Received	CVS Caremark Drug Pricing Adjustment	PBM Drug Rebates Received	Cash Flow Life	Interest Income	PCORI Fees Paid	Net Cash Flow
1	23	69,236,528	-81,059,253	1,676,493		0	50,000	156,665	-1,459,069	-11,398,637
2	23	69,236,528	-74,388,351			0	50,000	149,247		-4,952,576
3	23	69,236,528	-78,637,836		4,916,869	33,194,693	50,000	159,229		28,919,483
4	23	69,236,528	-77,618,673			0	50,000	167,874		-8,164,271
5	23	69,236,528	-79,649,762			0	50,000	160,224		-10,203,010
6	23	69,236,528	-82,782,636			34,914,450	50,000	164,964		21,583,305
7	23	68,969,357	-78,944,520			0	50,000	169,890	-537,956	-10,293,229
8	23	68,969,357	-82,174,447			0	50,000	159,966		-12,995,123
9	23	68,969,357	-80,906,896			38,338,510	50,000	165,640		26,616,612
10	23	68,969,357	-82,394,896			0	50,000	171,226		-13,204,313
11	23	68,969,357	-86,841,381			0	50,000	158,369		-17,663,655
12	23	68,969,357	-91,142,705			34,063,383	50,000	156,051		12,096,086
1	24	72,755,389	-85,206,314			0	50,000	155,989		-12,244,936
2	24	72,755,389	-78,433,546			0	50,000	148,606		-5,479,550
3	24	72,755,389	-83,168,684			35,910,972	50,000	157,030		25,704,707
4	24	72,755,389	-81,990,647			0	50,000	163,979		-9,021,279
5	24	72,755,389	-84,265,122			0	50,000	155,513		-11,304,220
6	24	72,755,389	-87,587,515			38,405,894	50,000	160,711		23,784,480
7	24	72,477,104	-83,201,843			0	50,000	166,240	-567,544	-11,076,042
8	24	72,477,104	-86,833,307			0	50,000	155,497		-14,150,706
9	24	72,477,104	-85,438,659			42,172,361	50,000	161,858		29,422,664
10	24	72,477,104	-87,013,809			0	50,000	168,149		-14,318,557
11	24	72,477,104	-91,625,659			0	50,000	154,295		-18,944,261
12	24	72,477,104	-96,139,889			37,469,721	50,000	152,240		14,009,175
1	25	76,434,487	-89,836,522			0	50,000	152,577		-13,199,458
2	25	76,434,487	-82,884,308			0	50,000	144,474		-6,255,347
3	25	76,434,487	-88,107,546			39,502,069	50,000	153,544		28,032,555
4	25	76,434,487	-86,780,735			0	50,000	160,998		-10,135,250
5	25	76,434,487	-89,274,449			0	50,000	151,513		-12,638,449
6	25	76,434,487	-92,755,554			42,246,484	50,000	157,133		26,132,550
7	25	76,142,884	-87,805,409			0	50,000	163,249	-598,759	-12,048,036
8	25	76,142,884	-91,857,261			0	50,000	151,520		-15,512,857
9	25	76,142,884	-90,319,490			46,389,598	50,000	158,563		32,421,554
10	25	76,142,884	-91,989,673			0	50,000	165,556		-15,631,234
11	25	76,142,884	-96,785,190			0	50,000	150,532		-20,441,775
12	25	76,142,884	-101,518,550			41,216,693	50,000	148,698		16,039,725

CY23 PROJECTED PLAN EXPERIENCE
Based on Current Benefits
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

CLASS	Active/ Retired	Avg Count 01/01/23 12/31/23	Prem Rate* 01/01/23	Rate Incr 01/01/23	Prem Rate* 07/01/23	Rate Incr 07/01/23	Premiums	Claims	Plan Expenses	Gain (Loss)	Gain (Loss) Rate
Employee	Active	108,591	\$457	5.8%	\$457	0.0%	608,653,943	-544,462,643	-20,088,504	44,102,796	7%
Spouse Only	Active	3,788	\$544	6.0%	\$544	0.0%	24,210,625	-30,018,125	-799,067	-6,606,567	-27%
Full Family	Active	5,581	\$794	6.0%	\$794	0.0%	52,414,921	-57,450,787	-1,729,944	-6,765,810	-13%
Children Only	Act/Ret	8,701	\$383	6.1%	\$383	0.0%	38,804,219	-43,795,808	-1,280,726	-6,272,314	-16%
Child Only	Act/Ret	10,822	\$191	6.1%	\$191	0.0%	23,307,593	-28,906,854	-769,263	-6,368,524	-27%
Disabled Employee	Retired	96	\$525	5.8%	\$525	0.0%	605,325	-3,316,111	-21,826	-2,732,613	-451%
Employee	Retired	7,611	\$525	5.8%	\$525	0.0%	47,950,875	-65,120,946	-1,490,083	-18,660,154	-39%
Spouse Only	Retired	961	\$626	6.1%	\$626	0.0%	7,221,223	-8,030,212	-183,746	-992,735	-14%
Full Family	Retired	236	\$913	5.9%	\$913	0.0%	2,581,051	-1,958,282	-44,809	577,960	22%
Family (1 On Medicare)	Retired	62	\$404	6.0%	\$404	0.0%	298,152	-451,639	-10,334	-163,822	-55%
Spouse Only (Medicare)	Retired	2,830	\$213	6.0%	\$213	0.0%	7,233,800	-6,688,934	-556,351	-11,486	0%
Employee (Medicare)	Retired	18,194	\$213	6.0%	\$213	0.0%	46,504,929	-44,995,632	-3,576,692	-2,067,395	-4%
Total Health Insurance							859,786,655	-835,195,975	-30,551,345	-5,960,664	-0.7%
RECAP BY SUBGROUP											
Active Employees							608,653,943	-544,462,643	-20,088,504	44,102,796	7%
Dependents Of Active Employees							138,737,358	-160,171,575	-4,578,999	-26,013,216	-19%
Disabled Retirees (Regular)							605,325	-3,316,111	-21,826	-2,732,613	-451%
Retirees & Dependents (Regular)							58,051,301	-75,561,080	-1,728,972	-19,238,750	-33%
Retirees & Spouse Only (Medicare)							53,738,729	-51,684,566	-4,133,044	-2,078,881	-4%
Total Health Insurance							859,786,655	-835,195,975	-30,551,345	-5,960,664	-0.7%
Life Insurance Gain										600,000	
Interest Income										1,939,343	
less PCORI Fees										-567,544	
Total Gain (Loss)										-3,988,864	-0.5%
Beginning Surplus (Prior to Any Applicable Premium Deficiency Reserve)										101,707,509	
Change In Surplus										-3,988,864	
Ending Surplus (Prior to Any Applicable Premium Deficiency Reserve)										97,718,645	
Active Employee Premium Summary											
Employer Contributions							566,150,543				
Employee Contributions							38,906,055				
COBRA Premiums							3,597,344				
Total Active Employee Premium							608,653,943				

* The active employee premium rate shown is for Legacy employees who choose Select coverage. Dependent rates shown are for Select coverage.

CY24 PROJECTED PLAN EXPERIENCE
Based on Current Benefits
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

CLASS	Active/ Retired	Avg Count 01/01/24 12/31/24	Prem Rate* 01/01/24	Rate Incr 01/01/24	Prem Rate* 07/01/24	Rate Incr 07/01/24	Premiums	Claims	Plan Expenses	Gain (Loss)	Gain (Loss) Rate
Employee	Active	108,591	\$479	4.8%	\$479	0.0%	639,242,160	-571,749,771	-20,685,086	46,807,303	7%
Spouse Only	Active	3,788	\$571	5.0%	\$571	0.0%	25,402,623	-31,481,450	-821,997	-6,900,825	-27%
Full Family	Active	5,581	\$834	5.0%	\$834	0.0%	55,030,073	-60,343,684	-1,780,705	-7,094,316	-13%
Children Only	Act/Ret	8,701	\$402	5.0%	\$402	0.0%	40,707,066	-45,832,735	-1,317,230	-6,442,899	-16%
Child Only	Act/Ret	10,822	\$201	5.2%	\$201	0.0%	24,482,232	-30,175,407	-792,215	-6,485,390	-26%
Disabled Employee	Retired	96	\$550	4.8%	\$550	0.0%	634,150	-3,501,661	-22,472	-2,889,983	-456%
Employee	Retired	7,611	\$550	4.8%	\$550	0.0%	50,234,250	-68,467,290	-1,533,949	-19,766,989	-39%
Spouse Only	Retired	961	\$657	5.0%	\$657	0.0%	7,578,824	-8,445,722	-189,219	-1,056,118	-14%
Full Family	Retired	236	\$959	5.0%	\$959	0.0%	2,711,093	-2,070,680	-46,392	594,021	22%
Family (1 On Medicare)	Retired	62	\$425	5.2%	\$425	0.0%	313,650	-471,319	-10,559	-168,229	-54%
Spouse Only (Medicare)	Retired	2,830	\$224	5.2%	\$224	0.0%	7,607,376	-6,892,969	-572,810	141,597	2%
Employee (Medicare)	Retired	18,194	\$224	5.2%	\$224	0.0%	48,906,592	-46,350,320	-3,682,501	-1,126,229	-2%
Total Health Insurance							902,850,088	-875,783,009	-31,455,135	-4,388,055	-0.5%
RECAP BY SUBGROUP											
Active Employees							639,242,160	-571,749,771	-20,685,086	46,807,303	7%
Dependents Of Active Employees							145,621,994	-167,833,276	-4,712,148	-26,923,430	-18%
Disabled Retirees (Regular)							634,150	-3,501,661	-22,472	-2,889,983	-456%
Retirees & Dependents (Regular)							60,837,817	-79,455,011	-1,780,119	-20,397,314	-34%
Retirees & Spouse Only (Medicare)							56,513,968	-53,243,289	-4,255,310	-984,631	-2%
Total Health Insurance							902,850,088	-875,783,009	-31,455,135	-4,388,055	-0.5%
Life Insurance Gain										600,000	
Interest Income										1,900,107	
less PCORI Fees										-598,759	
Total Gain (Loss)										-2,486,707	-0.3%
Beginning Surplus (Prior to Any Applicable Premium Deficiency Reserve)										97,718,645	
Change In Surplus										-2,486,707	
Ending Surplus (Prior to Any Applicable Premium Deficiency Reserve)										95,231,938	
Active Employee Premium Summary											
Employer Contributions							594,652,401				
Employee Contributions							40,811,625				
COBRA Premiums							3,778,135				
Total Active Employee Premium							639,242,160				

* The active employee premium rate shown is for Legacy employees who choose Select coverage. Dependent rates shown are for Select coverage.

CY25 PROJECTED PLAN EXPERIENCE
Based on Current Benefits
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

CLASS	Active/ Retired	Avg Count 01/01/25 12/31/25	Prem Rate* 01/01/25	Rate Incr 01/01/25	Prem Rate* 07/01/25	Rate Incr 07/01/25	Premiums	Claims	Plan Expenses	Gain (Loss)	Gain (Loss) Rate
Employee	Active	108,591	\$502	4.8%	\$502	0.0%	671,241,657	-600,950,838	-21,313,124	48,977,696	7%
Spouse Only	Active	3,788	\$600	5.1%	\$600	0.0%	26,676,074	-33,044,953	-847,013	-7,215,892	-27%
Full Family	Active	5,581	\$876	5.0%	\$876	0.0%	57,776,754	-63,440,305	-1,834,515	-7,498,066	-13%
Children Only	Act/Ret	8,701	\$422	5.0%	\$422	0.0%	42,711,367	-48,003,075	-1,356,162	-6,647,870	-16%
Child Only	Act/Ret	10,822	\$211	5.0%	\$211	0.0%	25,675,499	-31,522,150	-815,243	-6,661,895	-26%
Disabled Employee	Retired	96	\$577	4.9%	\$577	0.0%	665,281	-3,701,384	-23,152	-3,059,255	-460%
Employee	Retired	7,611	\$577	4.9%	\$577	0.0%	52,700,295	-72,053,295	-1,580,158	-20,933,158	-40%
Spouse Only	Retired	961	\$690	5.0%	\$690	0.0%	7,959,495	-8,891,158	-194,987	-1,126,650	-14%
Full Family	Retired	236	\$1,007	5.0%	\$1,007	0.0%	2,846,789	-2,191,816	-48,067	606,906	21%
Family (1 On Medicare)	Retired	62	\$446	4.9%	\$446	0.0%	329,148	-492,203	-10,794	-173,849	-53%
Spouse Only (Medicare)	Retired	2,830	\$235	4.9%	\$235	0.0%	7,980,953	-7,103,462	-590,150	287,341	4%
Employee (Medicare)	Retired	18,194	\$235	4.9%	\$235	0.0%	51,308,255	-47,746,131	-3,793,977	-231,853	0%
Total Health Insurance							947,871,566	-919,140,769	-32,407,343	-3,676,545	-0.4%
RECAP BY SUBGROUP											
Active Employees							671,241,657	-600,950,838	-21,313,124	48,977,696	7%
Dependents Of Active Employees							152,839,694	-176,010,483	-4,852,934	-28,023,723	-18%
Disabled Retirees (Regular)							665,281	-3,701,384	-23,152	-3,059,255	-460%
Retirees & Dependents (Regular)							63,835,727	-83,628,471	-1,834,007	-21,626,751	-34%
Retirees & Spouse Only (Medicare)							59,289,208	-54,849,593	-4,384,127	55,488	0%
Total Health Insurance							947,871,566	-919,140,769	-32,407,343	-3,676,545	-0.4%
Life Insurance Gain										600,000	
Interest Income										1,858,358	
less PCORI Fees										-631,690	
Total Gain (Loss)										-1,849,878	-0.2%
Beginning Surplus (Prior to Any Applicable Premium Deficiency Reserve)										95,231,938	
Change In Surplus										-1,849,878	
Ending Surplus (Prior to Any Applicable Premium Deficiency Reserve)										93,382,060	
Active Employee Premium Summary											
Employer Contributions							624,449,798				
Employee Contributions							42,824,596				
COBRA Premiums							3,967,263				
Total Active Employee Premium							671,241,657				

* The active employee premium rate shown is for Legacy employees who choose Select coverage. Dependent rates shown are for Select coverage.

FY24 PROJECTED PLAN EXPERIENCE
Based on Current Benefits
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

CLASS	Active/ Retired	Avg Count 07/01/23 06/30/24	Prem Rate* 07/01/23	Rate Incr 07/01/23	Prem Rate* 01/01/24	Rate Incr 01/01/24	Premiums	Claims	Plan Expenses	Gain (Loss)	Gain (Loss) Rate
Employee	Active	108,591	\$457	0.0%	\$479	4.8%	623,980,542	-557,585,015	-20,387,214	46,008,312	7%
Spouse Only	Active	3,788	\$544	0.0%	\$571	5.0%	24,819,319	-30,690,544	-810,918	-6,682,143	-27%
Full Family	Active	5,581	\$794	0.0%	\$834	5.0%	53,731,355	-58,794,196	-1,755,556	-6,818,397	-13%
Children Only	Act/Ret	8,701	\$383	0.0%	\$402	5.0%	39,754,524	-44,751,053	-1,298,893	-6,295,422	-16%
Child Only	Act/Ret	10,822	\$191	0.0%	\$201	5.2%	23,898,773	-29,516,747	-780,841	-6,398,815	-27%
Disabled Employee	Retired	96	\$525	0.0%	\$550	4.8%	619,725	-3,406,121	-22,149	-2,808,545	-453%
Employee	Retired	7,611	\$525	0.0%	\$550	4.8%	49,078,963	-66,636,606	-1,511,887	-19,069,530	-39%
Spouse Only	Retired	961	\$626	0.0%	\$657	5.0%	7,398,481	-8,208,374	-186,236	-996,129	-13%
Full Family	Retired	236	\$913	0.0%	\$959	5.0%	2,645,451	-2,011,719	-45,643	588,089	22%
Family (1 On Medicare)	Retired	62	\$404	0.0%	\$425	5.2%	305,775	-461,672	-10,475	-166,372	-54%
Spouse Only (Medicare)	Retired	2,830	\$213	0.0%	\$224	5.2%	7,420,228	-6,801,168	-564,580	54,480	1%
Employee (Medicare)	Retired	18,194	\$213	0.0%	\$224	5.2%	47,698,985	-45,713,435	-3,629,252	-1,643,703	-3%
Total Health Insurance							881,352,118	-854,576,648	-31,003,643	-4,228,173	-0.5%
RECAP BY SUBGROUP											
Active Employees							623,980,542	-557,585,015	-20,387,214	46,008,312	7%
Dependents Of Active Employees							142,203,970	-163,752,539	-4,646,207	-26,194,776	-18%
Disabled Retirees (Regular)							619,725	-3,406,121	-22,149	-2,808,545	-453%
Retirees & Dependents (Regular)							59,428,670	-77,318,370	-1,754,241	-19,643,941	-33%
Retirees & Spouse Only (Medicare)							55,119,212	-52,514,603	-4,193,832	-1,589,223	-3%
Total Health Insurance							881,352,118	-854,576,648	-31,003,643	-4,228,173	-0.5%
Life Insurance Gain										600,000	
Interest Income										1,922,969	
less PCORI Fees										-583,151	
Total Gain (Loss)										-2,288,355	-0.3%
Beginning Surplus (Prior to Any Applicable Premium Deficiency Reserve)										125,031,198	
Change In Surplus										-2,288,355	
Ending Surplus (Prior to Any Applicable Premium Deficiency Reserve)										122,742,843	
Active Employee Premium Summary											
Employer Contributions							580,445,571				
Employee Contributions							39,850,274				
COBRA Premiums							3,684,696				
Total Active Employee Premium							623,980,542				

* The active employee premium rate shown is for Legacy employees who choose Select coverage. Dependent rates shown are for Select coverage.

FY25 PROJECTED PLAN EXPERIENCE
Based on Current Benefits
Based on Rate Increases of 5% on 1/1/24 and 5% on 1/1/25

CLASS	Active/ Retired	Avg Count 07/01/24 06/30/25	Prem Rate* 07/01/24	Rate Incr 07/01/24	Prem Rate* 01/01/25	Rate Incr 01/01/25	Premiums	Claims	Plan Expenses	Gain (Loss)	Gain (Loss) Rate
Employee	Active	108,591	\$479	0.0%	\$502	4.8%	655,281,955	-585,806,776	-20,999,613	48,475,566	7%
Spouse Only	Active	3,788	\$571	0.0%	\$600	5.1%	26,052,800	-32,200,416	-834,906	-6,982,521	-27%
Full Family	Active	5,581	\$834	0.0%	\$876	5.0%	56,412,524	-61,784,192	-1,807,834	-7,179,502	-13%
Children Only	Act/Ret	8,701	\$402	0.0%	\$422	5.0%	41,707,740	-46,851,415	-1,336,595	-6,480,269	-16%
Child Only	Act/Ret	10,822	\$201	0.0%	\$211	5.0%	25,082,367	-30,822,423	-803,807	-6,543,863	-26%
Disabled Employee	Retired	96	\$550	0.0%	\$577	4.9%	649,702	-3,598,634	-22,812	-2,971,744	-457%
Employee	Retired	7,611	\$550	0.0%	\$577	4.9%	51,452,585	-70,094,172	-1,556,925	-20,198,513	-39%
Spouse Only	Retired	961	\$657	0.0%	\$690	5.0%	7,767,518	-8,636,747	-191,839	-1,061,068	-14%
Full Family	Retired	236	\$959	0.0%	\$1,007	5.0%	2,778,293	-2,128,298	-47,274	602,721	22%
Family (1 On Medicare)	Retired	62	\$425	0.0%	\$446	4.9%	321,273	-481,929	-10,705	-171,361	-53%
Spouse Only (Medicare)	Retired	2,830	\$224	0.0%	\$235	4.9%	7,793,804	-7,008,831	-581,476	203,497	3%
Employee (Medicare)	Retired	18,194	\$224	0.0%	\$235	4.9%	50,100,648	-47,090,128	-3,737,879	-727,360	-1%
Total Health Insurance							925,401,207	-896,503,960	-31,931,664	-3,034,416	0%
RECAP BY SUBGROUP											
Active Employees							655,281,955	-585,806,776	-20,999,613	48,475,566	7%
Dependents Of Active Employees							149,255,431	-171,658,445	-4,783,142	-27,186,156	-18%
Disabled Retirees (Regular)							649,702	-3,598,634	-22,812	-2,971,744	-457%
Retirees & Dependents (Regular)							62,319,668	-81,341,146	-1,806,742	-20,828,220	-33%
Retirees & Spouse Only (Medicare)							57,894,452	-54,098,959	-4,319,355	-523,862	-1%
Total Health Insurance							925,401,207	-896,503,960	-31,931,664	-3,034,416	-0.3%
Life Insurance Gain										600,000	
Interest Income										1,878,519	
less PCORI Fees										-615,224	
Total Gain (Loss)										-1,171,122	-0.1%
Beginning Surplus (Prior to Any Applicable Premium Deficiency Reserve)										122,742,843	
Change In Surplus										-1,171,122	
Ending Surplus (Prior to Any Applicable Premium Deficiency Reserve)										121,571,721	
Active Employee Premium Summary											
Employer Contributions							609,597,203				
Employee Contributions							41,815,201				
COBRA Premiums							3,869,551				
Total Active Employee Premium							655,281,955				

* The active employee premium rate shown is for Legacy employees who choose Select coverage. Dependent rates shown are for Select coverage.

POSTEMPLOYMENT BENEFITS

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

Under the present State law that governs the Plan, all retirees are required to pay 100% of their premiums.

The premium rates and benefit costs for Medicare eligible retiree coverage are essentially in actuarial balance. There is no provision in the present law, as it relates to Medicare eligible retirees, which results in future expected costs to the State for retiree life and health insurance.

However, the premium rates applicable to most retirees who are not yet eligible for Medicare are not high enough to pay for their expected claims costs. For non-Medicare eligible retirees who were initially hired prior to 1/1/06 (referred to by the Plan as "Legacy" employees), the premium rates for their coverage are currently limited by State law to 115% of the premium rates for active employee coverage. Note that the 115% limitation does not apply to retirees who are Horizon employees, i.e., to those employees who are initially hired on or after 1/1/06.

Since early retiree benefit costs greatly exceed 115% of the active employee premiums, an implicit cost subsidy exists with respect to early retiree coverage for Legacy retirees. The Plan currently covers the current year retiree subsidy cost by increasing the premium rate applicable to active employees.

The CY22 Actuarial Report being provided herein does not separately identify and quantify the liabilities and costs that must be reported and recognized by the State, as an employer, under accounting rules established for postemployment benefits by the Governmental Accounting Standards Board. Therefore, Plan surplus – as defined in this Report – does not take into account the liabilities of the State, as an employer, associated with retiree health and life insurance.

The State and School Employees Health Insurance Management Board has retained Cavanaugh Macdonald Consulting, LLC ("Cavanaugh Macdonald") to prepare annual actuarial valuations of the postemployment life and health insurance benefits ("OPEB") provided through the State and School Employees' Life and Health Insurance Plan. The most recent valuation prepared by Cavanaugh Macdonald was as of 6/30/22.

Although there are surplus funds that exist in the Plan, there are much higher liabilities for the State, as an employer, for future retiree benefits that have not been funded. For example, based on current claims liability estimates and prior to recognizing any premium deficiency reserve, the Plan ended CY22 with a Plan surplus of about \$102 million. Based on results contained in the "GASB Statement No. 74 Report for the Mississippi State and School Employees' Life and Health Insurance Plan Prepared as of June 30, 2022" by Cavanaugh Macdonald, the State's Total OPEB liability associated with retiree benefits provided through the State and School Employees' Life and Health Insurance Plan were about \$494 million as of 6/30/22.

In evaluating the extent to which existing or projected surplus of the Plan is necessary or even sufficient, this Report should be reviewed in conjunction with the most recent version of the GASB Statement No. 74 Report that has been submitted to the Health Insurance Management Board by Cavanaugh Macdonald.

ASSUMPTIONS

Basic Projection Approach

Incurred medical and drug claims rates were projected forward on a semi-annual basis - by premium class - using assumptions for annual non-drug benefit trend and annual drug benefit trend.

Non-Drug Benefit Trend after Benefit Changes

The trend rates shown below are based on an underlying pre-benefit change trend rate of 3% for both non-Medicare members and Medicare members.

	CY23	CY24	CY25
Medical Trend, Non-Medicare	3.00%	3.00%	3.00%
Medical Trend, Medicare Classes	3.00%	3.00%	3.00%

Drug Benefit Trend

Prior to any Plan or benefit changes, the basic annual trend assumption for CY23 thru CY25 for drug benefits, net of rebates, was 10%. However, the Plan implemented the CVS Caremark Value Formulary as of 7/1/22, and trend rates are expected to be lower for the 1st half of CY23 versus the 1st half of CY22 as a result of this change. A 5% assumption was used for the 1st half of CY23 and a 10% assumption for the 2nd half of CY23. The same trend assumption was made for drug benefits before rebates, rebates, and drug benefits after rebates. These assumptions produce an increase in net drug claims in CY23 of about 7.5%, followed by increases in CY24 and CY25 of about 10%.

Enrollment

No enrollment growth assumptions were included in the projections included in this Report. The assumed proportion of active employees that are Horizon employees versus Legacy employees is as follows:

	Legacy	Horizon
CY23 1H	33.7%	66.3%
CY23 2H	32.6%	67.4%
CY24 1H	31.4%	68.6%
CY24 2H	30.2%	69.8%
CY25 1H	29.0%	71.0%
CY25 2H	27.8%	72.2%

The proportion of active employees selecting Base coverage is assumed to be 22.5% for Horizon employees and 6.5% for Legacy employees.

Net Cash Flow from Life Insurance

In the projections included in this Report, life insurance coverage was assumed to produce annual gains to the Plan of about \$600,000.

Interest

Interest income was assumed to be earned and received at an annual rate of 1% and was based on the sum of the prior month's cash assets and one-half of the net cash flow for the month.

ASSUMPTIONS (Continued)

Administrative Expenses

The projected, allocated expense rates per employee are as follows:

CY23	\$18.93
CY24	\$19.49
CY25	\$20.08

CY23 health insurance expenses are projected to be approximately 3.6% of projected CY23 premium.

SIGNIFICANT HISTORICAL BENEFIT CHANGES

CY20 Plan Changes

Drug Copays for Generic Drugs – Beginning 1/1/20, there are 2 tiers of copays applicable to generic drugs. Tier 1 generic drugs are subject to a \$12 copay. Tier 1 generally applies to generic drugs which have an ingredient cost for a 1-month supply of less than \$20. Tier 2 generic drugs are subject to a \$30 copay. This Plan change is expected to reduce Plan costs in CY20 by about \$4.4 million. (NOTE: Under special Plan rules, the Tier 1 generic copay also generally applies to preferred brand drugs for insulin and other diabetic supplies.)

CY19 Plan Changes

Telemedicine Benefit Applicable to Behavioral Health Services – Behavioral health services are now available via telemedicine at the regular Plan benefits subject to the applicable deductibles and coinsurance.

Modifications to Wellness/Preventive Benefits – Effective January 1, 2019, coverage for vitamin D as a wellness/preventive benefit was removed. The vaccine benefits language was also revised to include coverage of the appropriate shingles vaccination beginning at age 50 or above.

Modified Coverage for Non-surgical Treatment of Obesity – The Weight Management Program participation mandate for bariatric surgery has been modified and the obesity treatment exclusion was removed and modified to provide for limited weight management coverage under wellness/preventive benefits for services by providers participating in the Plan's obesity treatment network.

Cognitive Therapy – Coverage for cognitive therapy was removed as a listed Plan exclusion.

CY18 Plan Changes

Drug Card Copays – Effective January 1, 2018, the copay for non-preferred drugs and specialty drugs was increased from \$70 to \$100.

Elimination of the Visit Limit for Dietitian Services – Previously, visits for nutritional counseling with an in-network registered dietitian were limited to four visits per calendar year. Effective January 1, 2018, this limit was eliminated. Based on current and anticipated utilization and allowable charges, the projected cost for removing the limit is expected to be minimal.

Telemedicine Benefit to Include Registered Dietitians – Previously, benefits provided for telemedicine services were limited to basic primary care services. Effective January 1, 2018, benefits are also provided for telemedicine services provided by a registered dietitian. Benefits are subject to a \$10 copayment, with such being subject to the deductible for Base Coverage, but not subject to the deductible for Select Coverage.

100% Coverage in 2018 for a Generic Statin – The United States Preventive Services Task Force (USPSTF) recommends that adults without a history of cardiovascular disease (CVD) (i.e., symptomatic coronary artery disease or ischemic stroke) use a low to moderate dose statin for the prevention of CVD events and mortality when all of the following criteria are met:

- (1) They are ages 40 to 75 years.
- (2) They have one or more CVD risk factors (i.e., dyslipidemia, diabetes, hypertension or smoking); and
- (3) They have a calculated 10-year risk of a cardiovascular event of 10 percent or greater.

The Plan now provides 100 percent coverage for a generic statin (Lovastatin) to comply with the ACA-mandated coverage.

SIGNIFICANT HISTORICAL BENEFIT CHANGES (Continued)

CY17 Plan Changes

Select & Base Coverage Out-of-Pocket Limits – Effective January 1, 2017, Base Coverage and Select Coverage were modified as generally described in the charts below. Both coverage options now have a \$2,500 in-network medical coinsurance maximum and a \$6,500 combined in-network out-of-pocket limit (deductible(s), coinsurance, and copays).

CY17 BASE COVERAGE						
	Combined Deductible*	Medical Coinsurance	Medical Coinsurance Maximum	Drug Copays	Combined Out-of- Pocket <u>Limit</u>	
<u>Self Only Coverage</u>						
In Network	\$1,800	20%	\$2,500	\$12/\$45/\$70	\$6,500	
Out-of-Network	\$1,800	40%	\$3,500	\$12/\$45/\$70		
<u>Family Coverage</u>					Per Family	Each Person
In Network	\$3,000	20%	\$5,000	\$12/\$45/\$70	\$13,000	\$6,500
Out-of-Network	\$3,000	40%	\$7,000	\$12/\$45/\$70		
* Drugs on the HSA Preventive Drug list are subject only to a separate \$75 deductible.						

CY17 SELECT COVERAGE						
	Separate Medical Plan			Separate Drug Plan		Combined
	*Individual Medical Deductible	*Medical Coinsurance	Individual Coinsurance Maximum	Individual Drug Deductible	Drug Copays	Individual Out of Pocket Limit
				\$75	\$12/\$45/\$70	
In Network	\$1,000	20%	\$2,500			\$6,500
Out-of-Network	\$2,000	40%	\$3,500			
* PCP Copay Feature (In-Network Only)						
PCP office visit charges are not subject to the deductible.						
PCP office visit copay: \$25 (applies to the evaluation & management charge)						
PCP office visits charges other than the evaluation & management charge: 20% coinsurance						
Family Medical Deductibles are limited to 2 times the Individual Medical Deductibles.						
Family OOP Limits are limited to 2 times the Individual OOP Limits.						

Preventive Wellness Services – The Plan is required by ACA to cover all preventive services recommended by the United States Preventive Services Task Force (USPSTF), at no member cost sharing. Recently, the USPSTF removed or modified their recommended services, and the Board voted to change the list of preventive services that the Plan covers, at no member cost sharing, to conform with the recommended list (to the extent that the recommended changes are not inconsistent with other State law). The services removed or modified are still eligible for benefits, subject to the same rules and benefit provisions as other services. The Plan anticipates a savings of approximately \$1.6 million as a result of these changes.

SIGNIFICANT HISTORICAL BENEFIT CHANGES (Continued)

CY17 Plan Changes (Continued)

Base Coverage Preventive Drugs – Except for those drugs that are classified as preventive under ACA and are therefore covered at 100%, all other drugs under Base Coverage were previously subject to the combined medical and drug deductible of \$1,800 for Self Only Coverage and \$3,000 for Family Coverage. Effective January 1, 2017, drugs that appear on the Prime Therapeutics "HSA Preventive Drug" list (that do not also appear on the ACA Preventive Drug list) are not subject to the full combined medical and drug deductible. Rather, they are subject to a separate \$75 preventive drug deductible and normal drug copays. In 2017, Base and Select drug coverage are the same for these preventive drugs.

Telemedicine – The Plan added coverage for Telemedicine services beginning January 1, 2017. Basic Telemedicine services are subject to a \$10 copayment. Telemedicine is not subject to the deductible on Select coverage, but is subject to the deductible on Base coverage, as required by IRS rules for a qualified high deductible health plan.

CY16 Plan Changes

Pre-certification Requirements for Outpatient MRI's and CT scans – Pre-certification for outpatient MRI's and CT scans are no longer required. Instead, the Plan's medical policy will apply.

Chiropractic Benefit – The calendar year limit for chiropractic services has been removed and replaced with a 30 visit per calendar year limit.

Primary Care Physician (PCP) Copay Feature for Select Coverage (Effective 1/1/16) – Previously, all office visits were subject to the calendar year deductible and applicable coinsurance. Effective January 1, 2016, Select coverage includes a copay feature applicable to office visits to an In-Network Primary Care Physician (PCP).

Details of the new PCP copay feature are as follows:

- Primary Care Physician (PCP) includes: Family Practice, General Practice, Gynecology, Internal Medicine, Pediatrics, Registered Dietitians, and Nurse Practitioners.
- Visits to an In-Network PCP are not subject to the calendar year deductible.
- An office visit copay applies to the In-Network PCP's charge for evaluation and management, and applicable coinsurance applies to any additional charges for other services provided in the PCP's office.
- PCP Office Visit Copay, In-Network: \$25
- Out-of-Network: Office visits to an Out-of-Network primary care physician will continue to be subject to normal Out-of-Network deductibles and coinsurance.

Maternity Management Program – In an effort to increase engagement and help improve maternity outcomes, the Plan changed the previous benefit of 100% coverage for physician maternity services to be limited to only those participants who participate in the maternity management program. For any participant choosing to not engage in the program, regular Plan benefits will apply.

Contraceptive Coverage – During CY16, the Plan began providing 100% coverage without cost-sharing for certain brand contraceptives when a generic is not available or when not medically appropriate. During CY15, 100% coverage applied only to generic drugs.

SIGNIFICANT HISTORICAL BENEFIT CHANGES (Continued)

January 1, 2010, thru January 1, 2015

See the FY16 or CY16 Actuarial Reports.

January 1, 2009 & Prior

A detailed description of prior changes appears in the CY10 & prior Actuarial Reports.

FEDERAL HEALTH CARE REFORM

Federal health care reform was enacted into law in March 2010 by the passage of the Patient Protection and Affordable Care Act and its companion legislation, the Health Care Reconciliation Act ("ACA"). This section includes a discussion of certain items that affected benefits and funding.

Early Retiree Reinsurance Program (ERRP)

ACA included a temporary reinsurance program for early retirees (eligible retirees age 55 and over who are not eligible for Medicare and includes their spouses and dependents). This program reimbursed participating plans 80% of a qualified retiree's allowed medical and pharmacy costs between \$15,000 and \$90,000. Funding for this program was limited to \$5 billion and began June 1, 2010. The Plan applied and was approved to participate in the program. The Plan received ERRP payments totaling \$19.9 million (\$5.5 million in December 2010, \$6.3 million in April 2011, and \$8.1 million in October 2011).

Grandfathered Plans

Certain of the requirements of ACA do not apply to plans referred to in ACA as grandfathered plans. Under the rules related to grandfathered plans, there are limits on the changes that a plan can make – relative to its status as of March 23, 2010 – and still remain a grandfathered plan. In general, in order to remain a grandfathered plan, the following requirements must be met: 1.) Plan coinsurance rates may not be reduced; 2.) Plan deductibles may not be increased by more than the sum of 15% plus the medical care component of the CPI; 3.) Plan copays may not be increased by more than the greater of \$5, or 15% plus the medical care component of the CPI; and 4.) The portion of the costs, by tier, paid for by the plan sponsor may not be reduced by more than 5%. Plan benefit changes implemented by the Plan as of January 1, 2011 prevent the Plan from being considered a grandfathered plan under ACA.

Benefit and Other Changes Required Under ACA for CY11

The following requirements of ACA were addressed in CY10 or CY11 as a result of health care reform.

- ACA required that the Plan make coverage available to dependent children up to age 26 regardless of student or marital status, effective January 1, 2011, and encouraged early implementation of this requirement.
- ACA does not allow a plan to exclude coverage for participants under age 19 due to pre-existing conditions.
- ACA does not allow a plan to have a lifetime maximum limit on benefits.
- ACA requires qualified health plans to include "essential" benefits, and may not allow annual maximums on certain benefits deemed to be essential benefits. The Plan made changes consistent with those benefit requirements for qualified health plans.

Benefit Changes Required Under ACA for CY13

The following expansion of preventive services for adult women was required by ACA, effective January 1, 2013:

- Well-woman visits for preconception and prenatal care for all female participants.
- Human papillomavirus testing.
- Screening for gestational diabetes in pregnant women between 24 and 28 weeks of gestation (and at the first prenatal visit for women at high risk for diabetes).
- Contraceptive methods and counseling, including FDA-approved contraceptive methods, sterilization procedures, and patient education/counseling for all women with reproductive capacity.

FEDERAL HEALTH CARE REFORM (Continued)

Benefit Changes Required Under ACA for CY13 (Continued)

- Breastfeeding support supplies and counseling in conjunction with each childbirth including comprehensive lactation support and counseling by a trained provider during pregnancy and/or postpartum, and coverage of the costs of renting breastfeeding equipment.
- Annual screening and counseling for interpersonal and domestic violence.

Benefit Changes Required Under ACA for CY14

The following benefit changes were required by ACA in CY14:

- The Plan will no longer be able to exclude benefits resulting from preexisting conditions.
- The Plan must provide coverage for Vitamin D for adult participants aged 65 years or older.
- The Plan must provide coverage (as a wellness/preventive benefit with no cost-sharing) for one-time screening for hepatitis C virus infection for participants at higher risk for infection and for adult participants born between 1945 and 1965.
- The Plan must limit employee in Network out-of-pocket costs (defined as the sum of all in Network deductibles, coinsurance, and copays) to no more than \$6,350 for self only coverage and \$12,700 for family coverage. Those limits are subject to change annually.

Minimum Value – IRS Notice 2012-31 provides as follows: “Beginning in 2014, eligible individuals who purchase coverage under a qualified health plan through an Affordable Insurance Exchange may receive a premium tax credit under § 36B unless they are eligible for other minimum essential coverage, including coverage under an employer-sponsored plan that is affordable to the employee and provides minimum value. Under § 36B(c)(2)(C)(ii), a plan fails to provide minimum value if “the plan’s share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs.” If the coverage offered by the employer fails to provide minimum value, an employee may be eligible to receive a premium tax credit. An applicable large employer (as defined in § 4980H(c)(2)) may be liable for an assessable payment under § 4980H if any full-time employee receives a premium tax credit.” A separate Actuarial Opinion (and an accompanying Actuarial Memorandum) has been provided that both the Plan’s Select Coverage and Base Coverage options meet the minimum value requirements under IRS Notice 2012-31.

Benefit Changes Required Under ACA for CY15

The following benefit changes are required by ACA in CY15:

- Beginning 1/1/15, the Plan was required to provide 100% benefits for annual screening for lung cancer with low dose computed tomography in adults ages 55 to 80.
- Beginning 1/1/15, the Plan was required to provide 100% benefits for risk reducing drugs, such as Tamoxifen or Raloxifene, for women who are at increased risk for breast cancer and at low risk for adverse medication effects.
- Based on clarifying guidance under ACA, preventive benefits – paid at 100% without cost sharing – for contraceptive drugs are limited in 2015 to generic drugs only. Non-generic contraceptive drugs are still covered, but currently are subject to normal Plan deductibles and copays.
- Based on a revision in the recommendations of the United States Preventive Services Task Force, preventive services (payable at 100% without cost sharing) for screening for gestational diabetes mellitus in pregnant women are limited in 2015 to one screening in asymptomatic women after 24 weeks of gestation. Prior to 2015, the Plan covered two such screenings per pregnancy (one at the first prenatal visit and one between 24-28 weeks).

FEDERAL HEALTH CARE REFORM (Continued)

Benefit Changes Required Under ACA for CY16, CY17 and CY18

The Plan is required by ACA to cover all preventive services recommended by the United States Preventive Services Task Force (USPSTF), with no member cost sharing. There are generally some changes in those services each year. For example, during CY16, the Plan began providing 100% coverage for certain brand contraceptives when a generic is not available or when not medically appropriate. During CY15, 100% coverage applied only to generic drugs.

Fees Imposed by ACA

Patient-Centered Outcomes Research Institute – ACA created the Patient-Centered Outcomes Research Institute (PCORI), which according to the PCORI website, “is authorized by Congress to conduct research to provide information about the best available evidence to help patients and their health care providers make more informed decisions. PCORI’s research is intended to give patients a better understanding of the prevention, treatment and care options available, and the science that supports those options.”

Provisions of ACA specified that PCORI was to be funded, in part, by fees payable by all insured and self-insured plans, including governmental plans. Those fees were to be based on total Plan enrollment and were payable – under the ACA – only for Plan years 2012-2018, payable the following July. *(Note: The fees required for PCORI were extended for an additional 10 years for 2019 thru 2028 by the “Further Consolidated Appropriations Act, 2020” that was passed by Congress in December 2019.)*

Three-year Transitional Reinsurance Program – ACA created a three-year transitional reinsurance program to help stabilize premiums in the individual health insurance market from 2014 to 2016. Provisions of ACA specify that this program shall be funded by fees payable by all insured and self-insured plans, including governmental plans. Those fees are based on Plan primary enrollment and are payable for Plan years 2014 to 2016.

In regulations issued by the Department of Health and Human Services (HHS), HHS established a fee of \$63 per covered life for 2014, with 83.33% of the 2014 fee payable in January 2015 and the remainder payable in the 4th quarter of 2015. For 2015, HHS established a fee of \$44 per covered life, with 75% of the 2015 fee payable in January 2016 and the remainder payable in the 4th quarter of 2016. For 2016, HHS established a fee of \$27 per covered life, with 80% of the 2016 fee payable in January 2017 and the remainder payable in the 4th quarter of 2017.

Projected Fees Imposed by ACA – The Plan is expected to have paid in 2013 to 2019 about \$25 million in fees imposed by ACA. As shown below, the majority of these fees were payable in 2015 to 2017. *(Note: The table below does not include PCORI fees incurred in 2019 and later years that were imposed by the “Further Consolidated Appropriations Act, 2020”).*

Plan Year	Projected ACA Imposed Fees Incurred thru 2018 (in Millions)			Cash Payments By the Plan		
	Incurred Fees					
	PCORI	Transitional Reinsurance	Total	PCORI	Transitional Reinsurance	Total
2012	\$0.177		\$0.177			\$0.000
2013	\$0.350		\$0.350	\$0.177		\$0.177
2014	\$0.363	\$10.589	\$10.953	\$0.350		\$0.350
2015	\$0.378	\$7.371	\$7.748	\$0.363	\$10.589	\$10.953
2016	\$0.397	\$4.590	\$4.987	\$0.378	\$7.371	\$7.748
2017	\$0.423		\$0.423	\$0.397	\$4.590	\$4.987
2018	\$0.435		\$0.435	\$0.423		\$0.423
2019	\$0.000		\$0.000	\$0.435		\$0.435
Total	\$2.524	\$22.550	\$25.074	\$2.524	\$22.550	\$25.074

RETIREE LIFE RATES PER \$1,000 AS OF 1/1/2014 Based on Attained Age of Retiree								
Age	Prior	Revised	Age	Prior	Revised	Age	Prior	Revised
40	0.25	0.20	60	1.63	1.50	80	3.00	3.00
41	0.28	0.22	61	1.76	1.65	81	3.00	3.00
42	0.30	0.24	62	1.91	1.80	82	3.00	3.00
43	0.33	0.26	63	2.08	1.95	83	3.00	3.00
44	0.36	0.28	64	2.25	2.10	84	3.00	3.00
45	0.40	0.31	65	3.00	2.25	85	3.00	3.00
46	0.43	0.34	66	3.00	2.40	86	3.00	3.00
47	0.47	0.38	67	3.00	2.55	87	3.00	3.00
48	0.53	0.42	68	3.00	2.70	88	3.00	3.00
49	0.54	0.47	69	3.00	2.85	89	3.00	3.00
50	0.65	0.52	70	3.00	3.00	90	3.00	3.00
51	0.71	0.57	71	3.00	3.00	91	3.00	3.00
52	0.79	0.63	72	3.00	3.00	92	3.00	3.00
53	0.86	0.69	73	3.00	3.00	93	3.00	3.00
54	0.95	0.76	74	3.00	3.00	94	3.00	3.00
55	1.06	0.85	75	3.00	3.00			
56	1.16	0.94	76	3.00	3.00			
57	1.25	1.05	77	3.00	3.00			
58	1.38	1.20	78	3.00	3.00			
59	1.50	1.35	79	3.00	3.00			

Agenda Item 3
Wellness Incentive Program
Ms. Cindy Bradshaw

Description

The Plan's single Base Coverage deductible is \$1,800 and \$3,000 for family coverage. Employees completing the incentive requirements in 2022 received a \$300 deductible credit for Base Coverage and a \$600 deductible credit for Select Coverage to be applied for the calendar year 2023 benefit period. The board approved spouse participation in the incentive program at the November 2022 board meeting.

The IRS historically announces the minimum deductibles for qualified High Deductible Health Plans in April or May for the following year. The current minimum deductible under federal law is \$1,500 for single coverage and \$3,000 for family coverage. It is anticipated that the IRS will increase the deductible.

The Plan's current single Base Coverage deductible is \$1,800 and the family deductible is \$3,000. The wellness incentive is currently a reduction in the deductible which creates a compliance issue if the IRS increases the minimum deductible.

Staff recommends that the Wellness Incentive Program only be applied to the Select Coverage for 2023. Activities completed during the 2023 Program will earn a \$600 deductible incentive credit for employees and a \$600 deductible incentive credit for spouses, to be applied for the 2024 calendar year benefit period.

Action

Board approval of incentive criteria.

Agenda Item 4
Financial Statements
Mr. Chris Shaman

Description

The previous month's financial statement for the State and School Employees' Life and Health Insurance Plan is included in this section.

Action Requested

None

STATE AND SCHOOL EMPLOYEES' LIFE AND HEALTH INSURANCE PLAN
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND BALANCE
February 28, 2023

	MONTH ENDING February 28, 2023	CURRENT YEAR FY2023 YEAR TO DATE	CY 2023 YEAR TO DATE	MONTH ENDING February 28, 2022	LAST YEAR FY2022 YEAR TO DATE	CY 2022 YEAR TO DATE
RECEIPTS:						
PREMIUMS RECEIVED:						
HEALTH INSURANCE	\$71,684,731.63	\$547,263,888.86	\$140,728,003.86	\$68,472,298.29	\$524,470,638.53	\$128,675,591.31
LIFE INSURANCE	1,753,435.57	13,167,354.68	3,464,849.09	1,571,579.86	12,543,505.43	3,011,488.59
OVERPAYMENTS	6,515.48	62,211.54	7,806.43	36,122.12	141,960.83	52,952.83
SUBROGATION RECEIPTS	70,443.92	681,619.80	251,268.19	159,384.30	902,337.55	537,169.56
LATE FEES RECEIVED	0.00	6,354.00	0.00	4,375.56	18,537.81	7,748.29
INTEREST RECEIVED	280,669.73	1,103,744.03	506,313.02	50,463.63	456,942.44	98,710.70
PHARMACY REBATE	9,840.89	71,669,085.32	1,686,333.72	0.00	58,138,163.98	0.00
ARPA PAYMENT	0.00	60,000,000.00	0.00	0.00	0.00	0.00
TOTAL RECEIPTS	\$73,805,637.22	\$693,954,258.23	\$146,644,574.31	\$70,294,223.76	\$596,672,076.57	\$132,383,661.28
DISBURSEMENTS:						
NON-ADMINISTRATIVE:						
CLAIMS PAID-MEDICAL	44,537,819.68	404,404,203.93	95,506,346.12	47,736,297.37	417,820,293.08	101,300,556.41
CLAIMS PAID - PHARMACY	28,907,595.18	203,702,152.23	49,697,477.84	28,418,536.58	206,284,143.21	55,397,967.47
CLAIMS PAID - LIFE	1,645,441.55	10,386,774.28	3,122,106.55	1,421,126.00	10,732,482.98	2,817,421.00
PREMIUM REFUNDS	38,730.00	429,377.90	84,726.30	39,423.30	302,980.61	40,057.30
SUBTOTAL NON-ADMINISTRATIVE	\$75,129,586.41	\$618,922,475.34	\$148,410,656.81	\$77,615,383.25	\$635,139,899.88	\$159,556,002.18
ADMINISTRATIVE AND COST CONTAINMENT FEES:						
ADMINISTRATIVE EXPENSE - STATE	89,603.33	815,754.27	222,654.96	107,500.09	886,631.98	257,057.09
FORVIS - AUDITOR	0.00	74,000.00	0.00	3,000.00	74,000.00	6,000.00
CTI - MEDICAL CLAIMS/PERFORMANCE AUDIT	0.00	0.00	0.00	0.00	740.25	740.25
PILLAR - PHARMACY CLAIMS/PERFORMANCE AUDIT	0.00	8,885.94	0.00	0.00	0.00	0.00
CAVANAUGH MACDONALD - ACTUARY	0.00	30,000.00	7,500.00	0.00	15,000.00	0.00
LYNN TOWNSEND - ACTUARY	30,245.00	127,756.50	33,006.50	24,192.00	120,181.25	32,128.00
SEGAL - CONSULTANT	0.00	9,360.00	0.00	11,537.50	38,606.25	17,217.50
BLUE CROSS BLUE SHIELD OF MISSISSIPPI - TPA	1,615,980.00	10,704,692.60	3,159,510.00	1,558,652.50	10,962,735.00	3,117,523.50
CVS CAREMARK-PHARMACY NETWORK	0.00	1,931,757.72	306,030.31	314,772.70	1,924,792.09	566,707.10
MINNESOTA LIFE - LIFE INSUROR	79,863.45	580,373.08	164,985.09	81,450.60	558,535.68	163,161.19
ACTIVEHEALTH - WELLNESS PROMOTION	0.00	1,445,314.90	488,736.25	270,272.07	1,858,966.63	799,539.24
KEPRO-UTILIZATION MANAGEMENT	0.00	1,139,634.78	379,425.75	188,902.45	1,296,146.36	378,511.22
HDMS - DECISION SUPPORT	20,153.17	141,072.19	40,306.34	20,153.17	141,072.19	40,306.34
TRUSTMARK - BANK SERVICES	2,235.79	14,778.37	4,342.68	2,110.52	14,535.92	4,148.36
PCORI FEES	1,459,069.00	1,459,069.00	1,459,069.00	0.00	0.00	0.00
SUBTOTAL ADMINISTRATIVE	\$9,297,149.74	\$18,482,449.35	\$6,265,566.88	\$2,582,543.60	\$17,891,943.60	\$5,383,039.79
TOTAL DISBURSEMENTS	\$84,426,736.15	\$637,404,924.69	\$154,676,223.69	\$80,197,926.85	\$653,031,843.48	\$164,939,041.97
NET INCREASE (DECREASE) FOR PERIOD	(\$4,621,098.93)	\$56,549,333.54	(\$8,031,649.38)	(\$9,903,703.09)	(\$56,359,766.91)	(\$32,555,380.69)

STATE AND SCHOOL EMPLOYEES' LIFE AND HEALTH INSURANCE PLAN
STATEMENT OF ESTIMATED UNOBLIGATED CASH
February 28, 2023

CASH AND CASH EQUIVALENTS:

TREASURY FUND 3153
CLAIMS BANK ACCOUNT - NET (LESS OUTSTANDING CHECKS)
TREASURY FUND 3154
TREASURY FUND 3144
RETIREE INSURANCE TRUST (OPEB) - TREASURY FUND 3645

TOTAL CASH AND CASH EQUIVALENTS

ESTIMATED OBLIGATIONS:

OUTSTANDING CLAIMS - HEALTH (INCURRED BUT NOT REPORTED)
OUTSTANDING CLAIMS - LIFE (INCURRED BUT NOT REPORTED)
OUTSTANDING CLAIMS - HEALTH (INCURRED BUT NOT PAID)
ADVANCE PREMIUMS
FORVIS - AUDITORS
CTL - MEDICAL CLAIMS/PERFORMANCE AUDIT
PILLAR-PHARMACY CLAIMS/PERFORMANCE AUDIT (FEBRUARY)
CAVANAUGH MACDONALD - ACTUARY (FEBRUARY)
WM. LYNN TOWNSEND - ACTUARY (FEBRUARY)
GALLAGHER - CONSULTANT (FEBRUARY)
SEGAL - CONSULTANT (FEBRUARY)
BLUE CROSS BLUE SHIELD OF MISSISSIPPI - TPA (FEBRUARY)
CVS - CAREMARK - ADMIN (FEBRUARY)
MINNESOTA LIFE - LIFE CLAIMS/FEE'S (FEBRUARY)
ACTIVE HEALTH - WELLNESS PROMOTION (JANUARY, FEBRUARY)
KEPRO-UTILIZATION MANAGEMENT (JANUARY, FEBRUARY)
HDM5 - DECISION SUPPORT SYSTEM (FEBRUARY)
TRUSTMARK - BANK SERVICES (FEBRUARY)

TOTAL ESTIMATED OBLIGATIONS

TOTAL ESTIMATED UNOBLIGATED CASH

PROJECTED SURPLUS PER CY22 ACTUARIAL REPORT AS OF 02/28/2023
PROJECTED SURPLUS PER CY22 ACTUARIAL REPORT AS OF 12/31/2023

CURRENT YEAR at 2/28/2023	LAST YEAR at 2/28/2022	VARIANCE
144,578,081.85	83,536,096.00	61,041,985.85
29,830,192.22	35,048,394.05	(5,218,201.83)
8,961,015.11	4,073,407.72	4,887,607.39
371,323.98	207,484.87	163,839.11
1,058,137.46	1,047,432.40	10,705.06
\$184,798,750.62	\$123,912,815.04	\$60,885,935.58
(15,610,054.74)	(16,831,517.00)	1,221,462.26
(364,302.00)	(297,233.00)	(67,069.00)
(27,400,251.00)	(19,648,251.00)	(7,752,000.00)
(10,156,954.00)	(9,023,969.00)	(1,132,985.00)
0.00	0.00	0.00
0.00	(10,358.00)	10,358.00
0.00	0.00	0.00
0.00	0.00	0.00
(29,193.00)	(25,000.00)	(4,193.00)
0.00	0.00	0.00
0.00	(23,790.00)	23,790.00
(1,611,636.00)	(1,559,941.00)	(51,695.00)
0.00	(262,898.00)	262,898.00
(1,585,500.00)	(1,501,043.00)	(84,457.00)
(534,223.00)	(267,467.00)	(266,756.00)
(381,788.00)	(188,085.00)	(193,703.00)
(20,153.00)	(20,153.00)	0.00
(2,100.00)	(2,000.00)	(100.00)
(\$57,696,154.74)	(\$49,661,705.00)	(\$8,034,449.74)
\$127,102,595.88	\$74,251,110.04	\$52,851,485.84

\$121,091,012.37
\$97,718,644.65

*NOTE: OTHER THAN AMOUNTS LISTED IN THE RETIREE INSURANCE TRUST (OPEB) - TREASURY FUND 3645 SHOWN ABOVE, THE ESTIMATED UNOBLIGATED CASH AMOUNT DOES NOT INCLUDE ANY ADDITIONAL RESERVES FOR THE \$493,733,000 UNFUNDED ACTUARIAL ACCRUED LIABILITY FOR CURRENT AND FUTURE RETIREE LIFE AND HEALTH INSURANCE BENEFITS.

Agenda Item 5
General Schedule
Mr. Chris Shaman

Description

A general schedule of major activities associated with the Plan and actions to be taken by the Board in the next few months is included in this section.

Action Requested

None

State and School Employees Health Insurance Management Board
General Schedule
March 2023

- | | |
|-------|---|
| April | Board proposes potential benefit changes for Calendar Year 2024
Third Party Medical Claims Administrator Claims and Performance Audit Report
Performance Audit of PBM |
| May | Staff and consultants evaluate proposed benefit changes for calendar year 2024
Performance Audit of PBM |
| June | Staff and consultants evaluate proposed benefit changes for calendar year 2024
Pharmacy Benefit Manager Claims and Performance Audit Report |